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## NATIONAL COUNCIL OF WELFARE REPORTS

### POVERTY PROFILE, 2002 AND 2003

SUMMER 2006

Canada



# NATIONAL COUNCIL OF WELFARE REPORTS

## POVERTY PROFILE, 2002 AND 2003

SPRING 2006

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## INTRODUCTION

*Poverty Profile, 2002 and 2003* is the latest report on poverty by the National Council of Welfare. It is based on data collected by Statistics Canada and includes numerous statistics for 2002 and 2003 as well as poverty trends dating back to 1980. As in the past, the report is an analysis of the facts, rather than a blueprint for eliminating poverty, and it contains no specific recommendations as such. The National Council of Welfare has published many other reports over the years that provide numerous proposals for fighting poverty.

The report features information about the number of poor people in Canada and poverty rates for both individuals and families. There is no official poverty line in Canada but many groups, including the Council, use Statistics Canada's low income cut-offs (LICOs) to define and analyze the relatively large portion of the population with low incomes. *Poverty Profile* highlights before-tax LICOs in the main body of the report, but also provides some after-tax LICO tables in the appendices.

In addition to examining the incidence of poverty, the chapter on depth of poverty presents information about its severity. The persistence, or duration, of poverty is also discussed, as well as sources of income of poor people and the relationship between poverty and paid work. The report concludes with a chapter on income inequality, or the way in which personal income is distributed in the population as a whole.

The data in the report are based on income surveys of Canadians, and the survey data is extended using statistical techniques to the population at large. It should be noted that Statistics Canada does not include residents of the Yukon, the Northwest Territories and Nunavut, residents of institutions and persons living on Indian reserves in these particular surveys. These data gaps mean that the surveys are limited in their coverage of the Aboriginal population in Canada and, therefore, specific data about Aboriginal peoples are not included in this report. However, we know from the Census and other sources that poverty rates for Aboriginal peoples remain very high, and that rates for other populations such as people belonging to visible minority groups and people with disabilities are also high.

With the release of the 2003 data, Statistics Canada made two major revisions to its estimates. The revisions mean that many of the figures in this report differ somewhat from figures published in previous editions of *Poverty Profile*. The overall patterns and trends have not changed although low income estimates generally increased.

The National Council of Welfare hopes that *Poverty Profile, 2002 and 2003* sheds some light on poverty in Canada, a subject that is all too often overshadowed by other issues in public policy debates.



## POVERTY IN CANADA: PATTERNS AND TRENDS

### CHANGES IN 2002-2003

- The downward trend in poverty rates stalled somewhat. After five consecutive years of declines, the poverty rate for all persons in 2002 increased to 16.2 percent, up from 15.5 percent in 2001. It then dropped to 15.9 percent in 2003, slightly higher than the 12-year low achieved in 2001.
- The declines in poverty rates for children under 18 and adults under 65 also stalled. The rates for seniors 65 and older increased slightly from the recent low set in 2001. The 2003 poverty rates were 17.6 percent for children, 15.5 percent for adults under 65, and 15.1 percent for seniors.
- The poverty rate for families of all types was 12 percent in 2003. The rate for all unattached individuals was 38 percent, up slightly from the record low of 37.7 percent set in 2002.
- The poverty rate for families led by single-parent mothers jumped substantially from a recent low of 45 percent in 2001 to 52.2 percent in 2002. The rate dropped slightly in 2003 to 48.9 percent. Single-parent mothers had the highest poverty rate of any of the nine most common family types in 2002 and 2003.
- Among the provinces, British Columbia had the highest poverty rate for all persons in 2003 at 20.1 percent. Prince Edward Island had the lowest rate at 11.8 percent.

### LONGER-TERM TRENDS

- Poverty rates for all persons went up after the recession of 1981-1982, declined for the rest of the 1980s and rose again with the recession of 1990-1991. Despite the economic recovery, poverty rates continued to rise until 1996, at which time a five year downward trend began. That downward trend stalled somewhat in 2002, but may have picked up again with some small declines in rates in 2003. The most recent low rates, however, were still higher than the rate of 14 percent in 1989, the year before the last recession.
- In spite of a steady, but slow, decline in child poverty rates since 1996, the child poverty rate of 17.6 percent in 2003 was still higher than the rate of 15.1 percent in 1989, the year before the last recession and also the year that members of the House of Commons voted unanimously to try to end child poverty by 2000.
- Poverty rates for seniors have been falling more or less steadily since the current series of poverty statistics began in 1980. From 1980 to 2003, the rate for all seniors plummeted from 34.1 percent to 15.1 percent, the rate for couples 65 and older dropped from 20.1 percent to 5.2 percent, the rate for unattached senior men went from 61 percent to 31.6 percent, and the rate for unattached senior women went from 72.2 percent to

40.9 percent, a recent low. However, over the past few years the rate of decline in poverty rates for seniors has slowed.

## DEPTH OF POVERTY

- Two-parent families under 65 with children under 18 had the largest depth of poverty, measured in dollars, of any family type in 2003, with incomes an average of \$9,900 below the poverty line. Unattached women 65 and older had the smallest depth of poverty, an average of \$3,300 below the poverty line.
- Hundreds of thousands of poor Canadians lived on incomes of less than half the poverty line in 2003. They included 552,000 unattached individuals under 65, 52,000 single-parent mothers, 50,000 couples under 65 without children and 38,000 two-parent families.
- Canada's total poverty gap - the amount of money needed to bring all poor people up to the poverty line - was up slightly to \$21.6 billion in 2003. By way of comparison, Canada's gross domestic product in 2003 was \$1.2 trillion.

## PERSISTANCE OF POVERTY

- Some 7.6 million people or 30.7 percent of the population were poor for at least one year from 1996 through 2001. That was more than twice the annual poverty rate of 15.5 percent for all persons in 2001.
- Nearly 1.5 million people, or 5.9 percent of the population, were poor for all six years from 1996 through 2001.

## WOMEN AND POVERTY

- Women have consistently higher poverty rates than men mainly due to the high poverty rates of unattached women and single-parent mothers. The most glaring difference in 2003 was the gap between the poverty rate of 48.9 percent for single-parent mothers and the rate of 20 percent for single-parent fathers.
- The gap between women and men is greater for persons 65 and older than it is for younger adults. The gap for seniors in recent years has been slightly less than two to one. In 2003, the poverty rate for senior women was 19.1 percent and the rate for senior men was 10.2 percent.
- Women with higher levels of education have lower rates of poverty. However, when a woman was the major income earner in a family, those families had higher poverty rates than ones with a male major income earner with the same education. The only exception was for unattached women under 65 with bachelor's degrees.

## SOURCES OF INCOME

- Poor seniors received about 90 percent of their incomes from government programs of one kind or another, including payments from the Canada and Quebec Pension Plans. Poor unattached women under 65 received the least support – only 41 percent of their average income in 2003 was from government transfers.
- Poor two-parent families were most likely to rely primarily on earnings for their incomes. Poor single-parent mothers were most likely to rely primarily on welfare. However, earnings were still a key source of income in the majority of poor families, including single-parent mothers.

## POVERTY AND WORK

- Having a job offers protection against poverty, but having only one earner in the family unit is often not enough. For example, the poverty rates in 2003 for two-parent families under 65 were 87 percent for families with no earners, 25.2 percent for families with one earner and 6.2 percent for families with two earners.
- Poverty rates fall as weeks of work increase. Among unattached individuals under 65, the poverty rates in 2003 were 75.4 percent for persons with no paid work and 20.1 percent for those who worked 49 to 52 weeks a year. The rates for families under 65 ranged from 50.6 percent for families where neither spouse had paid work to 3.2 percent where the two spouses worked 103 weeks or more combined.
- There were 409,000 poor families under 65 and 582,000 poor unattached individuals under 65 in 2003 who got more than half their total incomes from paid work. Together, they represented more than half of the poor under age 65 who were able to work.

## POVERTY AND INCOME INEQUALITY

- The distribution of personal income in Canada is quite skewed. Even after the impact of government transfer payments and income taxes, the poorest 20 percent of the population had only five percent of the income in 2003. The richest 20 percent had 43.7 percent of the income.
- Between 1980 and 2003, the average income after taxes of the poorest 20 percent of the population went from \$11,500 to \$12,000 after accounting for inflation, an increase of four percent. The average income of the richest 20 percent went from \$92,500 to \$105,800, an increase of 14 percent.



## 1. RECENT POVERTY TRENDS

The five year downward trend in poverty statistics stalled in 2002 and 2003. The poverty rate increased from 15.5 percent in 2001 to 16.2 percent in 2002. It then dropped slightly in 2003 to 15.9 percent, a rate higher than in 2001. There were over 4.9 million poor people in Canada in 2003. Of these, 1.2 million were children.

Between 2001 and 2002, the poverty statistics for 10 of the 15 commonly studied groups of Canadians got worse. In most of these cases, it was the first downturn after five consecutive years of improvements since the peak levels of poverty that occurred during the middle 1990s. Hopefully, it will turn out to be a one-year blip as the poverty statistics for 11 of those 15 groups of Canadians improved slightly between 2002 and 2003.

The picture was not as bright when the comparisons were between 2002-2003 and 1989, the best year of the 1980s and the year before the recession hit in 1990. Only six groups in 2002 and five groups in 2003 of the 15 commonly studied groups had lower poverty rates than in 1989. The other groups had slightly higher rates in 2002 or 2003, with the exception of one group that had the same rate. Clearly, the wealth from year after year of growth in the economy had eluded significant numbers of Canadians.

Only two of the 2002 and the 2003 rates qualified as record lows, at least in terms of the current series of poverty figures from Statistics Canada dating back to 1980. In 2002, the rate for all unattached individuals - that is, people living on their own or with non-relatives - fell to 37.7 percent. In 2003, the rate for unattached senior women fell to 40.9 percent. Few people would call either of these rates acceptable, but they were record lows.

This chapter presents the major national trends in poverty rates from 1980 through 2003 using two different approaches. The first approach looks at Canadians as individual persons regardless of their family status. It covers all persons, children, adults 18 through 64, and seniors 65 and older. The second approach looks at Canadians by family type, such as unattached individuals or two-parent families with children.

The first part of the chapter features poverty rates plotted graphically to give readers a quick overview of the ups and downs since 1980. The tables in the second part of the chapter are for readers who want more detailed statistics. The first table, for example, contains not only the poverty rate for all persons, but also the number of poor people and the population at large for each year from 1980 through 2003.

In all cases, the numbers and rates refer only to people living in the ten provinces. Statistics Canada excludes the three territories from the annual surveys that are used to generate poverty statistics. More detailed information about the surveys appears in Appendix A.

### POVERTY TRENDS FOR PERSONS

The simple shorthand measure of poverty in Canada is the poverty rate for all persons considered as individuals rather than members of family units. Between 2002 and 2003, the

overall poverty rate decreased by 0.3 percentage points, from 16.2 percent to 15.9. The estimated number of poor people decreased as well from 4,963,000 to 4,917,000 during the same period.

The poverty rate for all persons, like many of the other poverty rates, rises and falls as the overall health of the economy falls and rises. As shown in Figure 1.1, the poverty rate started rising as the economy stopped growing with the recession of 1981-1982 and peaked two years later at 18.7 percent. Poverty declined for the rest of the decade, bottomed out at 14.0 percent in 1989, and then started rising once again with the recession of 1990-1991.

The poverty rate continued rising even after the end of the last recession, peaked in 1996 at 20.6 percent and steadily decreased until 2001. It rose slightly in 2002 and then fell a bit in 2003 to 15.9 percent. In spite of the drop since 1996, the poverty rate has never reached the 1989 low of 14.0 percent.

Figure 1.2 plots the poverty rate for children under 18 from 1980 through 2003, and the line looks almost identical to the line for all persons. The obvious reason for the similarity is that the poverty rates of children mirror the rates of their parents. The child poverty rate hit a modern-day low of 15.1 percent in 1989, the year before the last recession struck, rose sharply to 23.6 percent in 1996 and fell until 2001. Like the poverty rate for all persons, the child poverty rate increased slightly in 2002 to 18 percent before falling to 17.6 percent in 2003.

The year 1989 had special significance for children. That was the year that the House of Commons unanimously passed a resolution to work to end child poverty by the year 2000. Sadly, there has not been one single year since the passage of the resolution where the child poverty rate has been lower than it was in 1989. The figure for 2003 was 17.6 percent - close to the 1989 rate of 15.1 percent, but still higher despite the promises of Members of Parliament and all those years of economic growth.

One of the best markers of poverty for people under age of 65 is the unemployment rate. Since earnings are a major source of income for many Canadians, having a good job is often the key to financial security, and being out of work is a common reason for poverty.

Figure 1.3 shows the poverty rate for adults ages 18 through 64, the group most likely to be in the paid labour force, and the annual average unemployment rate for people 15 and older, the group most often cited in the unemployment statistics. The unemployment rate went up sharply during the last two recessions, and so did the poverty rate.

After the 1980-1981 recession, both unemployment and poverty rates declined. However, after the recession of the early 1990s, unemployment rates started falling about four years before poverty rates began to drop. During most of the 1980s and early 1990s, poverty rates for adults were five or six percentage points higher than the unemployment rates. Starting in the latter half of the 1990s, the gap grew to nine or ten percentage points. In 2003, it was 7.9 points - a poverty rate of 15.5 percent minus an unemployment rate of 7.6 percent.

Figure 1.1: Poverty Rates for All Persons

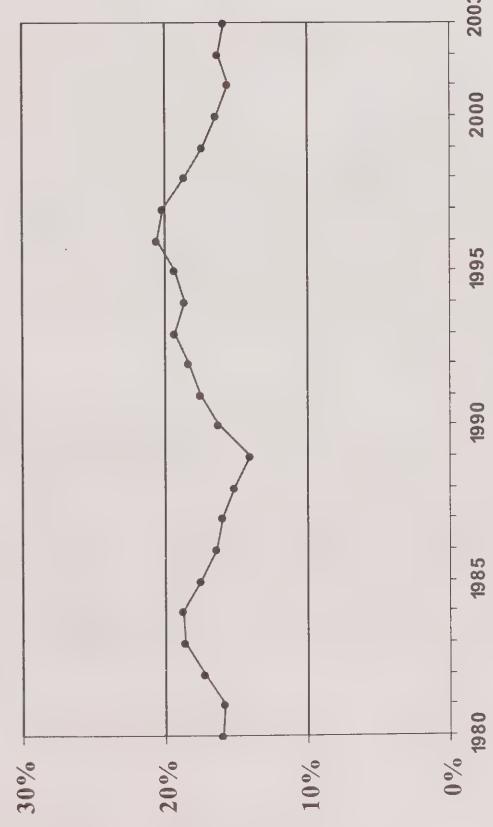


Figure 1.2: Poverty Rates for Children Under 18

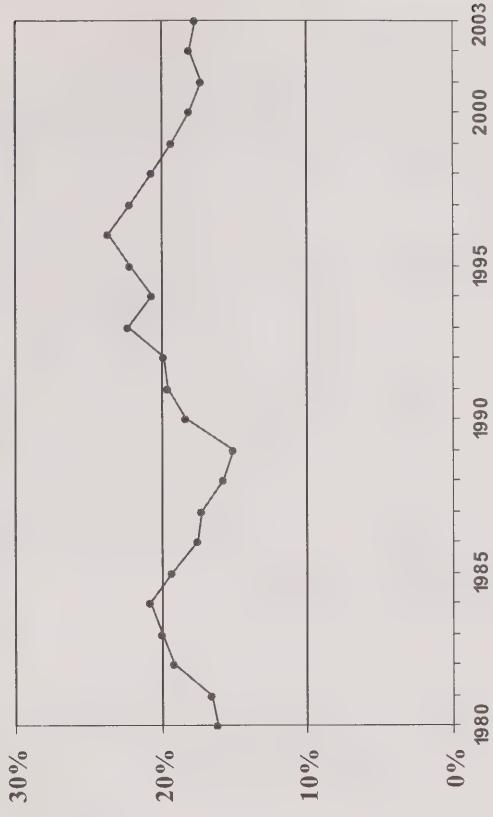


Figure 1.3: Unemployment and Poverty Among Working-Age People

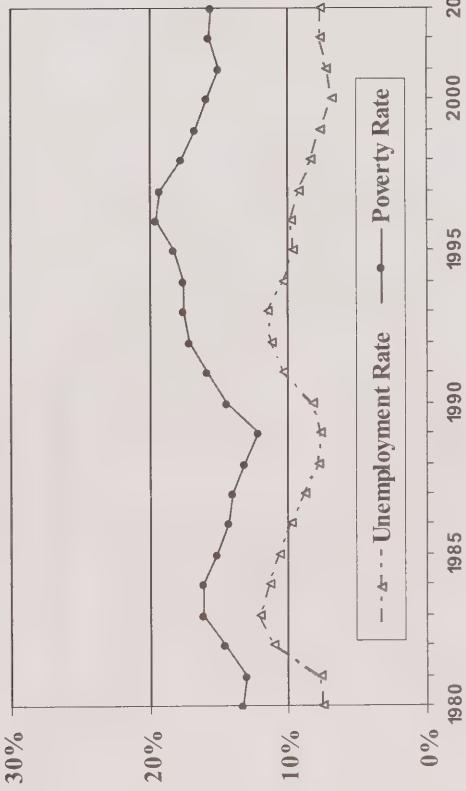
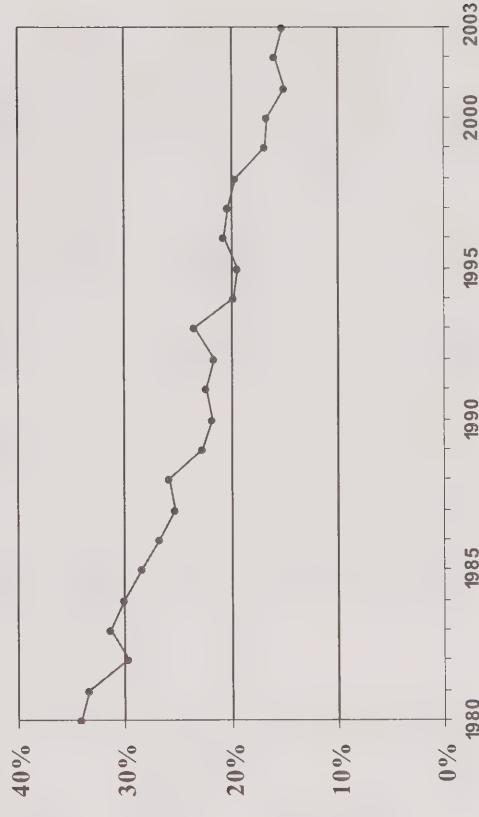


Figure 1.4: Poverty Rates for People 65 and Older



The simple explanation for the gap in recent years is that the unemployment rate was falling faster than the poverty rate, but the dynamics were obviously much more complicated. We will take a closer look at work, work patterns, levels of earnings and their links to poverty later in this report.

Figure 1.4 illustrates Canada's one big success story in fighting poverty, the long-term decline in poverty among seniors 65 and older. Unlike younger people who are often in the paid labour force and vulnerable to periodic bouts of unemployment, most seniors are outside the paid labour force and rely on pension plans and savings as major sources of income.

During the 1950s and 1960s, the federal government established the Old Age Security pension and Guaranteed Income Supplement in more or less their present forms, and the federal and provincial governments got together to create the Canada Pension Plan and its sister plan, the Quebec Pension Plan, in 1966. These plans, plus later government incentives to encourage people to save for their own retirement, have had a major impact on the incomes of seniors year after year and led directly to the huge drop in poverty.

In 1980, the poverty rate for Canadians 65 and older was 34.1 percent. The rate dropped more or less steadily in the years that followed and hit a recent low of 15.0 percent in 2001. From time to time, as in 2002, there were slight shifts upward, but not enough to blunt the dramatic trend downward. The poverty rate was 15.8 percent in 2002 and 15.1 percent in 2003. The fall in the poverty rate was even more dramatic because it occurred despite a huge increase in the number of seniors in Canada. As Table 1.3 at the end of the chapter shows, the number of seniors who were poor declined even as the total number of seniors rose sharply.

## POVERTY TRENDS BY FAMILY TYPE

The poverty statistics for all persons, children, adults under 65 and seniors are useful measures, but we also need to look at family units to get a fuller understanding of poverty. One of the most insightful ways of looking at Canadians is as economic families and unattached individuals.

Poverty rates for the two broad categories of unattached individuals and families both rise and fall with the economy, but the rates

**What are economic families?** Economic families are households of two or more persons where everyone is related by blood, marriage or adoption. They also include couples in common-law or same-sex relationships. Since family members normally support each other financially, it makes more sense to look at families as economic units rather than considering each member of a family in isolation from the other members.

The five most common types of economic families featured in studies of poverty are: couples 65 and older, couples under 65 with no children under 18, two-parent families under 65 with children under 18, families with children under 18 headed by single-parent mothers, and families with children under 18 headed by single-parent fathers. Examples of less common family types could include brothers and sisters living together and grandparents raising their grandchildren.

for unattached individuals are invariably much higher than the rates for families, as shown in Figure 1.5. The main reason for this is that families often have more than one breadwinner.

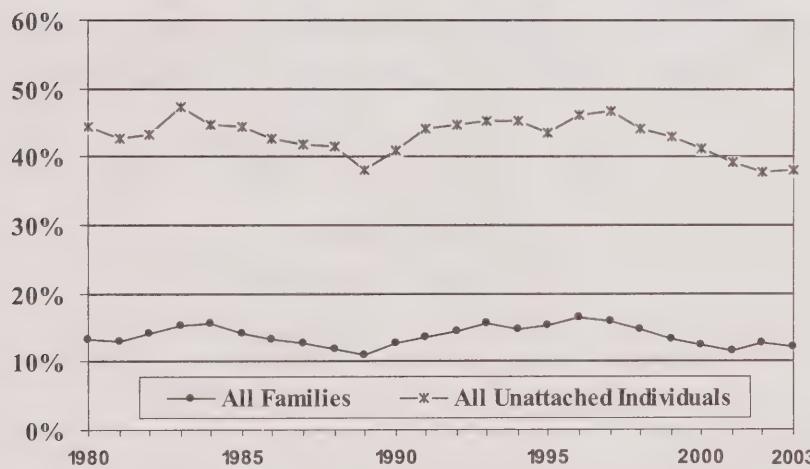
**What are unattached individuals?** Unattached individuals are people living on their own or with non-relatives - like two roommates who share an apartment to save money on living expenses.

Unattached individuals are usually broken down into four groups: women under 65, men under 65, women 65 and older, and men 65 and older.

Many younger couples have both partners in the paid labour force, and many senior couples have two pensioners, each with sources of pension income in their own names. Unattached persons, by definition, have only one income.

In 2002, the poverty rate for all families was 12.6 percent, and the poverty rate for unattached individuals was 37.7 percent. Even though the unattached rate was a recent low, it was still three times the rate for families. In 2003, the poverty rate for all unattached individuals slightly rose to 38.0 percent and the poverty rate for families slightly decreased to 12 percent.

**Figure 1.5: Poverty Rates for Families and Unattached Individuals**



Over the years, the ratio of poverty rates for the two groups has typically been in the order of three to one. The biggest difference was the ratio of 3.5 to one in 1988 and 1989, and the smallest difference was 2.8 to one in 1995 and 1996.

The remaining figures in this chapter show the trends in poverty rates for the nine specific types of families and unattached individuals.

The three types of families with children under 18 appear in Figure 1.6. Two-parent families with children are by far the most common family type with children in Canada, and they consistently have the lowest poverty rate of all family types with children. On a couple of occasions, including 2003, the rate dropped into single digits. The poverty rate for these families was 10.3 percent in 2002 and 9.8 percent in 2003. As we will see later in the report, one reason for the low rate is the large number of families with at least two persons in the paid labour force.

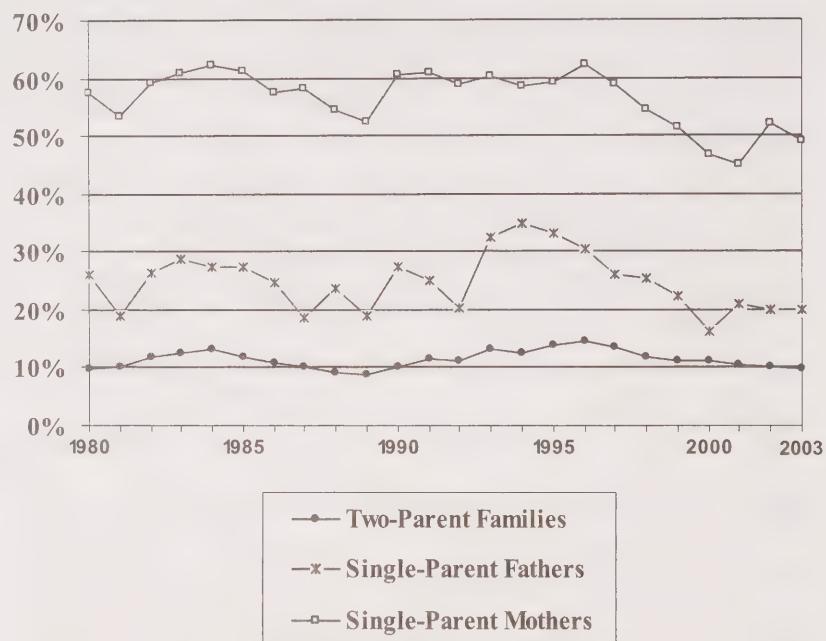
Single-parent mothers typically account for 80 percent or more of all single-parent families in Canada, and more than 90 percent of poor single-parent families. Over the years, the poverty rate for single-parent mothers ranged from high to outrageously high. The highest poverty rate for single-parent mothers was 62.3 percent in 1996, and rates in excess of 50 percent have been the norm. From 1996 to 2001, the rate dropped 17.3 percentage points to 45 percent, a record low. It jumped substantially to 52.2 percent in 2002 before falling slightly to 48.9 percent in 2003. It is not yet clear if the higher rates in 2002 and 2003 are merely blips in the long-term downward trend or the start of an ongoing rise in poverty rates for single-parent mothers.

The poverty rate for single-parent fathers is usually half the rate for female lone-parent families. The rate for single-parent fathers also tends to be a bit erratic from year to year because of the relatively small number of families and therefore the smaller sample sizes in the surveys used to produce the poverty statistics. The highest poverty rate for single-parent fathers was 35.0 percent in 1994 and the lowest was 16.3 in 2000. The poverty rate in 2002 was 20.1 percent and in 2003 it was almost exactly the same at 20 percent.

Figure 1.7 shows the trend in the poverty rate for couples under 65 without children under 18. The rate rises and falls with the health of the economy, just as it does for other family types under 65. Couples under 65 without children typically have a poverty rate slightly below the rate for two-parent families with children. In 2002, the poverty rate for couples without children was 9.7 percent, dropping slightly to 9.2 percent in 2003.

The poverty rate for senior couples, as shown in Figure 1.8, has become the lowest of all the nine family types featured in *Poverty Profile*. The rate shows some very slight cyclical changes, partly because some seniors are still in the paid labour force, but the trend overall is sharply downward. The rate for senior couples hit a modern-day low of 4.8 percent in 2001. It

**Figure 1.6: Poverty Rates for Families with Children**



increased slightly to 5.1 percent in 2002 and 5.2 percent in 2003, but remained the lowest of any of the nine family types.

The next two figures feature poverty among the four family types of unattached individuals. Once again, the patterns are radically different for unattached individuals under 65 and those 65 and older. Poverty rates in both age groups are much higher for women than men.

Figure 1.9 shows the poverty rates for unattached women and men under 65. The ups and downs reflect the state of the economy, and the difference in rates between women and men is largely a function of the disadvantaged position of women in the paid labour force. Earnings of women are traditionally much lower on average than earnings of men. Women also tend to have relatively fewer full-time jobs and more part-time jobs than men.

The poverty rate for unattached women under 65 was 42.7 percent in 2002 and almost exactly the same, 42.8 percent, in 2003. The rate for unattached men under 65 was lower, at 33 percent in 2002 and 34.4 percent in 2003.

The gap between the poverty rates of unattached women and men under 65 ranged from a maximum of 13 percentage points in 2000 to a mere 4.0 points in 1982. The long-term pattern appears to be that the gap is widest in good economic times and smallest in bad times. That may be because the rate for men tends to be more volatile in bad times.

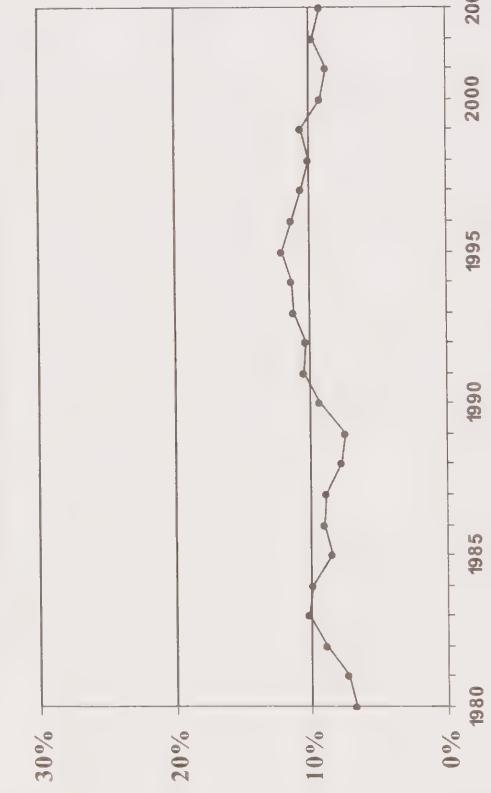
The poverty rates for unattached seniors in Figure 1.10, like all the other poverty statistics for seniors, are down sharply between 1980 and 2003. Unattached senior women had a poverty rate of 72.2 percent in 1980 and a rate of 40.9 percent in 2003, a drop of 31.3 percentage points. Unattached senior men had a rate of 61 percent in 1980 and 31.6 percent in 2003, a drop of 29.4 percentage points.

Poverty rates for unattached senior women have steadily decreased since 1980. The rates for unattached senior men, however, have not changed substantially in the past eight years.

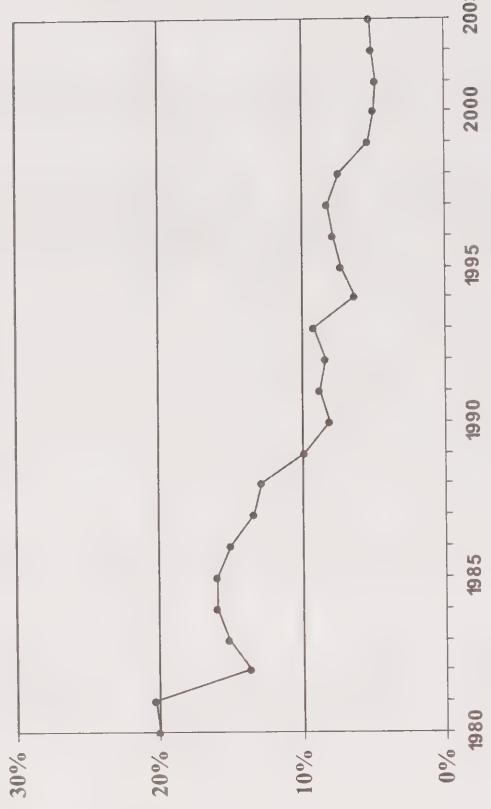
As with the younger unattached individuals, there is a gap in the rates between women and men. However, that gap has been slowly declining since 1995. The largest gap was 22.3 percentage points in 1988, and the smallest gaps were 9.1 points in 2002 and 9.3 in 2003.

Part of the explanation for the gap in poverty rates is that the difference in average earnings between women and men carries over into retirement for seniors who receive pension benefits that are based on their previous earnings. Another reason is that women live longer on average than men and are more likely to deplete their savings over time.

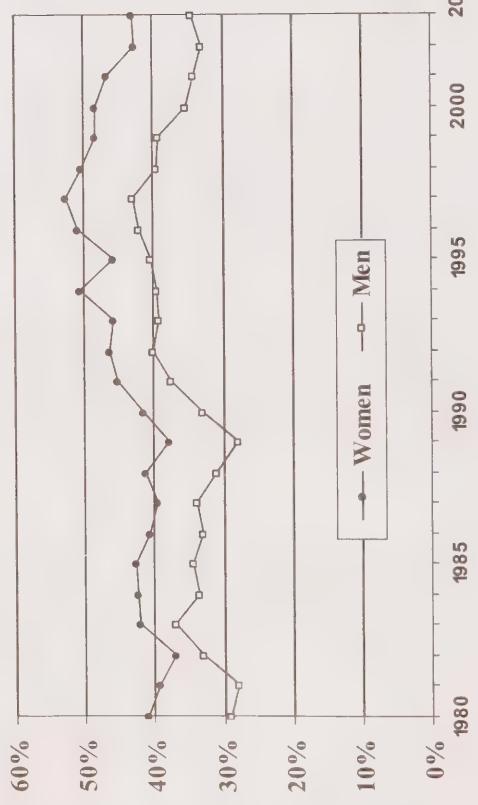
**Figure 1.7: Poverty Rates for Couples Under 65  
Without Children Under 18**



**Figure 1.8: Poverty Rates for  
Couples 65 and Older**



**Figure 1.9: Poverty Rates for  
Unattached People Under 65**



**Figure 1.10: Poverty Rates for  
Unattached People 65 and Older**

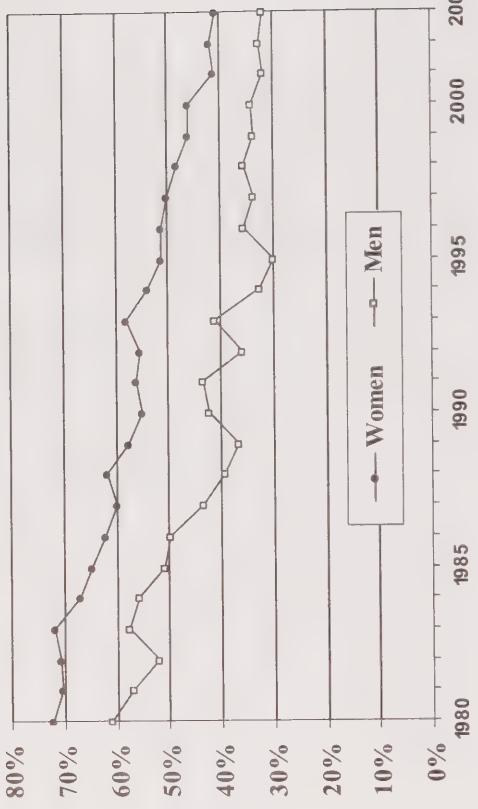


TABLE 1.1: POVERTY TRENDS,  
ALL PERSONS

	All Persons	Poor Persons	Poverty Rate
1980	24,107,000	3,852,000	16.0%
1981	24,389,000	3,872,000	15.9%
1982	24,654,000	4,251,000	17.2%
1983	24,890,000	4,631,000	18.6%
1984	25,128,000	4,704,000	18.7%
1985	25,358,000	4,447,000	17.5%
1986	25,612,000	4,202,000	16.4%
1987	25,921,000	4,145,000	16.0%
1988	26,253,000	3,953,000	15.1%
1989	26,620,000	3,719,000	14.0%
1990	27,014,000	4,369,000	16.2%
1991	27,367,000	4,781,000	17.5%
1992	27,715,000	5,062,000	18.3%
1993	28,031,000	5,416,000	19.3%
1994	28,351,000	5,271,000	18.6%
1995	28,662,000	5,530,000	19.3%
1996	28,967,000	5,970,000	20.6%
1997	29,227,000	5,867,000	20.1%
1998	29,443,000	5,466,000	18.6%
1999	29,694,000	5,151,000	17.3%
2000	29,988,000	4,917,000	16.4%
2001	30,321,000	4,711,000	15.5%
2002	30,611,000	4,963,000	16.2%
2003	30,893,000	4,917,000	15.9%

TABLE 1.2: POVERTY TRENDS,  
CHILDREN UNDER 18

	All	All Children Under 18	Poor Children Under 18	Poverty Rate
1980	1980	6,778,000	1,098,000	16.2%
1981	1981	6,687,000	1,110,000	16.6%
1982	1982	6,625,000	1,272,000	19.2%
1983	1983	6,563,000	1,306,000	19.9%
1984	1984	6,529,000	1,358,000	20.8%
1985	1985	6,492,000	1,253,000	19.3%
1986	1986	6,526,000	1,142,000	17.5%
1987	1987	6,538,000	1,131,000	17.3%
1988	1988	6,573,000	1,032,000	15.7%
1989	1989	6,636,000	1,002,000	15.1%
1990	1990	6,705,000	1,227,000	18.3%
1991	1991	6,795,000	1,325,000	19.5%
1992	1992	6,874,000	1,361,000	19.8%
1993	1993	6,910,000	1,541,000	22.3%
1994	1994	6,966,000	1,435,000	20.6%
1995	1995	6,995,000	1,546,000	22.1%
1996	1996	7,008,000	1,654,000	23.6%
1997	1997	7,005,000	1,548,000	22.1%
1998	1998	6,971,000	1,436,000	20.6%
1999	1999	6,959,000	1,343,000	19.3%
2000	2000	6,912,000	1,251,000	18.1%
2001	2001	6,924,000	1,191,000	17.2%
2002	2002	6,878,000	1,238,000	18.0%
2003	2003	6,824,000	1,201,000	17.6%

TABLE 1.3: POVERTY TRENDS,  
PEOPLE 65 AND OLDER

	All People 65 and Older	Poor People 65 and Older	Poverty Rate
1980	2,161,000	737,000	34.1%
1981	2,225,000	743,000	33.4%
1982	2,277,000	674,000	29.6%
1983	2,331,000	732,000	31.4%
1984	2,403,000	721,000	30.0%
1985	2,486,000	706,000	28.4%
1986	2,578,000	691,000	26.8%
1987	2,660,000	673,000	25.3%
1988	2,744,000	708,000	25.8%
1989	2,836,000	641,000	22.6%
1990	2,935,000	637,000	21.7%
1991	3,018,000	673,000	22.3%
1992	3,084,000	663,000	21.5%
1993	3,154,000	738,000	23.4%
1994	3,223,000	635,000	19.7%
1995	3,299,000	640,000	19.4%
1996	3,359,000	692,000	20.6%
1997	3,429,000	696,000	20.3%
1998	3,482,000	679,000	19.5%
1999	3,551,000	593,000	16.7%
2000	3,602,000	598,000	16.6%
2001	3,667,000	550,000	15.0%
2002	3,747,000	592,000	15.8%
2003	3,821,000	577,000	15.1%

TABLE 1.4: POVERTY TRENDS,  
ECONOMIC FAMILIES

	All Economic Families	Poor Families	Poverty Rate
1980	6,497,000	861,000	13.2%
1981	6,611,000	861,000	13.0%
1982	6,696,000	946,000	14.1%
1983	6,803,000	1,038,000	15.3%
1984	6,902,000	1,077,000	15.6%
1985	7,007,000	998,000	14.2%
1986	7,084,000	942,000	13.3%
1987	7,175,000	917,000	12.8%
1988	7,313,000	866,000	11.8%
1989	7,404,000	808,000	10.9%
1990	7,527,000	966,000	12.8%
1991	7,608,000	1,042,000	13.7%
1992	7,740,000	1,120,000	14.5%
1993	7,812,000	1,223,000	15.7%
1994	7,882,000	1,158,000	14.7%
1995	8,005,000	1,234,000	15.4%
1996	8,078,000	1,336,000	16.5%
1997	8,145,000	1,297,000	15.9%
1998	8,206,000	1,196,000	14.6%
1999	8,283,000	1,096,000	13.2%
2000	8,373,000	1,026,000	12.3%
2001	8,466,000	982,000	11.6%
2002	8,584,000	1,082,000	12.6%
2003	8,665,000	1,043,000	12.0%

TABLE 1.5: POVERTY TRENDS,  
UNATTACHED INDIVIDUALS

	All Unattached Individuals	Poor Unattached Individuals	Poverty Rate
1980	2,429,000	1,076,000	44.3%
1981	2,521,000	1,078,000	42.8%
1982	2,602,000	1,124,000	43.2%
1983	2,677,000	1,269,000	47.4%
1984	2,754,000	1,229,000	44.6%
1985	2,830,000	1,253,000	44.3%
1986	2,921,000	1,244,000	42.6%
1987	3,030,000	1,265,000	41.7%
1988	3,141,000	1,302,000	41.5%
1989	3,256,000	1,236,000	38.0%
1990	3,370,000	1,381,000	41.0%
1991	3,455,000	1,524,000	44.1%
1992	3,517,000	1,575,000	44.8%
1993	3,575,000	1,618,000	45.3%
1994	3,639,000	1,651,000	45.4%
1995	3,705,000	1,617,000	43.6%
1996	3,779,000	1,741,000	46.1%
1997	3,856,000	1,799,000	46.7%
1998	3,927,000	1,737,000	44.2%
1999	4,004,000	1,720,000	42.9%
2000	4,093,000	1,691,000	41.3%
2001	4,185,000	1,635,000	39.1%
2002	4,275,000	1,610,000	37.7%
2003	4,372,000	1,663,000	38.0%

TABLE 1.6: POVERTY TRENDS, TWO-PARENT  
FAMILIES UNDER 65 WITH CHILDREN UNDER 18

	All Two-Parent Families	Poor Two-Parent Families	Poverty Rate
1980	3,137,000	311,000	9.9%
1981	3,107,000	319,000	10.3%
1982	3,080,000	366,000	11.9%
1983	3,076,000	387,000	12.6%
1984	3,030,000	397,000	13.1%
1985	3,054,000	357,000	11.7%
1986	3,070,000	335,000	10.9%
1987	3,054,000	309,000	10.1%
1988	3,100,000	281,000	9.1%
1989	3,087,000	267,000	8.7%
1990	3,077,000	314,000	10.2%
1991	3,071,000	350,000	11.4%
1992	3,068,000	345,000	11.2%
1993	3,062,000	403,000	13.2%
1994	3,097,000	390,000	12.6%
1995	3,148,000	435,000	13.8%
1996	3,127,000	457,000	14.6%
1997	3,108,000	419,000	13.5%
1998	3,045,000	363,000	11.9%
1999	3,080,000	345,000	11.2%
2000	3,089,000	339,000	11.0%
2001	3,059,000	319,000	10.4%
2002	3,054,000	316,000	10.3%
2003	3,029,000	298,000	9.8%

TABLE 1.7: POVERTY TRENDS, SINGLE-PARENT MOTHERS UNDER 65 WITH CHILDREN UNDER 18

	All Single-Parent Mothers	Poor Single-Parent Mothers	Poverty Rate
1980	351,000	202,000	57.6%
1981	344,000	184,000	53.4%
1982	374,000	221,000	59.2%
1983	379,000	231,000	60.8%
1984	405,000	251,000	62.1%
1985	395,000	241,000	61.1%
1986	378,000	217,000	57.4%
1987	397,000	231,000	58.1%
1988	412,000	224,000	54.4%
1989	429,000	225,000	52.5%
1990	471,000	285,000	60.6%
1991	487,000	297,000	60.9%
1992	578,000	341,000	59.0%
1993	594,000	358,000	60.2%
1994	530,000	310,000	58.4%
1995	542,000	321,000	59.2%
1996	576,000	359,000	62.3%
1997	578,000	340,000	58.9%
1998	589,000	320,000	54.3%
1999	577,000	296,000	51.4%
2000	564,000	264,000	46.8%
2001	551,000	248,000	45.0%
2002	548,000	286,000	52.2%
2003	541,000	265,000	48.9%

-- Sample size too small.

Use estimate in italics with caution (please refer to Appendix A for more information).

TABLE 1.8: POVERTY TRENDS, SINGLE-PARENT FATHERS UNDER 65 WITH CHILDREN UNDER 18

	All Single-Parent Fathers	Poor Single-Parent Fathers	Poverty Rate
1980	54,000	14,000	25.9%
1981	59,000	11,000	18.8%
1982	62,000	16,000	26.3%
1983	52,000	—	28.8%
1984	58,000	16,000	27.3%
1985	52,000	14,000	27.4%
1986	66,000	16,000	24.6%
1987	55,000	10,000	18.5%
1988	62,000	15,000	23.8%
1989	57,000	11,000	18.8%
1990	78,000	21,000	27.3%
1991	69,000	17,000	24.9%
1992	76,000	15,000	20.3%
1993	92,000	30,000	32.6%
1994	85,000	30,000	35.0%
1995	85,000	28,000	33.2%
1996	89,000	27,000	30.4%
1997	92,000	24,000	26.0%
1998	105,000	27,000	25.3%
1999	106,000	24,000	22.2%
2000	114,000	19,000	16.3%
2001	115,000	24,000	21.0%
2002	128,000	26,000	20.1%
2003	122,000	24,000	20.0%

TABLE 1.9: POVERTY TRENDS, COUPLES UNDER 65 WITHOUT CHILDREN UNDER 18

	All Couples <65 Without Children	Poor Couples <65 Without Children	Poverty Rate
1980	1,312,000	88,000	6.7%
1981	1,339,000	98,000	7.3%
1982	1,361,000	122,000	8.9%
1983	1,370,000	139,000	10.2%
1984	1,371,000	136,000	9.9%
1985	1,440,000	123,000	8.5%
1986	1,454,000	130,000	9.0%
1987	1,522,000	136,000	8.9%
1988	1,541,000	120,000	7.8%
1989	1,607,000	119,000	7.4%
1990	1,611,000	149,000	9.3%
1991	1,615,000	170,000	10.5%
1992	1,616,000	166,000	10.3%
1993	1,624,000	182,000	11.2%
1994	1,677,000	191,000	11.4%
1995	1,682,000	204,000	12.1%
1996	1,746,000	199,000	11.4%
1997	1,738,000	184,000	10.6%
1998	1,767,000	176,000	10.0%
1999	1,809,000	191,000	10.6%
2000	1,871,000	171,000	9.2%
2001	1,942,000	172,000	8.8%
2002	2,024,000	196,000	9.7%
2003	2,042,000	188,000	9.2%

TABLE 1.10: POVERTY TRENDS,  
COUPLES 65 AND OLDER

	All Couples 65 and Older	Poor Couples 65 and Older	Poverty Rate
1980	539,000	108,000	20.1%
1981	547,000	111,000	20.3%
1982	578,000	79,000	13.7%
1983	597,000	90,000	15.1%
1984	597,000	95,000	15.9%
1985	620,000	99,000	16.0%
1986	676,000	102,000	15.0%
1987	683,000	92,000	13.4%
1988	713,000	91,000	12.8%
1989	724,000	71,000	9.8%
1990	761,000	61,000	8.1%
1991	782,000	68,000	8.7%
1992	804,000	67,000	8.3%
1993	800,000	74,000	9.2%
1994	836,000	52,000	6.3%
1995	871,000	63,000	7.2%
1996	852,000	67,000	7.8%
1997	866,000	71,000	8.2%
1998	891,000	66,000	7.4%
1999	922,000	49,000	5.3%
2000	926,000	45,000	4.9%
2001	941,000	45,000	4.8%
2002	946,000	49,000	5.1%
2003	985,000	51,000	5.2%

TABLE 1.11: POVERTY TRENDS, UNATTACHED INDIVIDUALS UNDER 65

	All Unattached Individuals <65	Poor Unattached Individuals <65	Poverty Rate	All Unattached Women <65	Poor Unattached Women <65	Poverty Rate	All Unattached Men <65	Poor Unattached Men <65	Poverty Rate
1980	1,741,000	601,000	34.5%	808,000	331,000	40.9%	933,000	270,000	28.9%
1981	1,802,000	599,000	33.3%	837,000	329,000	39.3%	965,000	270,000	28.0%
1982	1,903,000	663,000	34.8%	866,000	320,000	37.0%	1,037,000	343,000	33.0%
1983	1,928,000	757,000	39.2%	838,000	354,000	42.2%	1,090,000	403,000	37.0%
1984	2,020,000	758,000	37.5%	904,000	383,000	42.3%	1,116,000	375,000	33.6%
1985	2,071,000	786,000	37.9%	904,000	385,000	42.6%	1,167,000	401,000	34.4%
1986	2,140,000	780,000	36.5%	946,000	385,000	40.7%	1,194,000	396,000	33.1%
1987	2,198,000	800,000	36.4%	973,000	384,000	39.5%	1,225,000	415,000	33.9%
1988	2,262,000	805,000	35.6%	1,003,000	413,000	41.2%	1,259,000	392,000	31.1%
1989	2,355,000	764,000	32.4%	1,050,000	398,000	37.9%	1,305,000	366,000	28.0%
1990	2,416,000	887,000	36.7%	1,034,000	431,000	41.6%	1,382,000	457,000	33.0%
1991	2,501,000	1,019,000	40.7%	1,092,000	493,000	45.1%	1,409,000	526,000	37.4%
1992	2,558,000	1,091,000	42.6%	1,069,000	496,000	46.4%	1,489,000	595,000	40.0%
1993	2,554,000	1,071,000	41.9%	1,051,000	482,000	45.9%	1,503,000	589,000	39.2%
1994	2,624,000	1,158,000	44.1%	1,101,000	557,000	50.6%	1,523,000	601,000	39.5%
1995	2,667,000	1,140,000	42.8%	1,148,000	525,000	45.7%	1,519,000	616,000	40.5%
1996	2,737,000	1,249,000	45.6%	1,114,000	567,000	50.9%	1,623,000	682,000	42.0%
1997	2,810,000	1,319,000	46.9%	1,161,000	611,000	52.7%	1,649,000	708,000	42.9%
1998	2,873,000	1,264,000	44.0%	1,199,000	602,000	50.3%	1,674,000	662,000	39.5%
1999	2,939,000	1,263,000	43.0%	1,215,000	588,000	48.3%	1,724,000	675,000	39.2%
2000	3,010,000	1,230,000	40.9%	1,282,000	619,000	48.3%	1,728,000	611,000	35.3%
2001	3,094,000	1,214,000	39.2%	1,302,000	605,000	46.5%	1,792,000	609,000	34.0%
2002	3,130,000	1,160,000	37.1%	1,314,000	562,000	42.7%	1,816,000	599,000	33.0%
2003	3,238,000	1,228,000	37.9%	1,366,000	585,000	42.8%	1,872,000	643,000	34.4%

TABLE 1.12: POVERTY TRENDS, UNATTACHED INDIVIDUALS 65 AND OLDER

	All Unattached Individuals 65 +	Poor Unattached Individuals 65+	Poverty Rate	All Unattached Women 65+	Poor Unattached Women 65+	Poverty Rate	All Unattached Men 65+	Poor Unattached Men 65+	Poverty Rate
1980	688,000	475,000	69.2%	500,000	361,000	72.2%	188,000	115,000	61.0%
1981	720,000	479,000	66.6%	529,000	371,000	70.1%	191,000	108,000	56.8%
1982	699,000	461,000	65.9%	524,000	370,000	70.6%	175,000	91,000	52.0%
1983	749,000	512,000	68.4%	568,000	408,000	71.8%	181,000	104,000	57.6%
1984	734,000	472,000	64.3%	559,000	374,000	67.0%	175,000	97,000	55.6%
1985	758,000	467,000	61.6%	580,000	376,000	64.8%	178,000	91,000	51.0%
1986	782,000	463,000	59.3%	599,000	372,000	62.2%	183,000	91,000	49.8%
1987	832,000	465,000	55.9%	634,000	380,000	59.9%	198,000	85,000	43.3%
1988	879,000	497,000	56.5%	675,000	416,000	61.7%	204,000	80,000	39.4%
1989	901,000	472,000	52.4%	685,000	393,000	57.4%	216,000	79,000	36.5%
1990	954,000	493,000	51.7%	724,000	396,000	54.8%	230,000	97,000	42.2%
1991	954,000	505,000	53.0%	724,000	405,000	56.0%	230,000	100,000	43.5%
1992	959,000	484,000	50.5%	722,000	399,000	55.2%	237,000	85,000	36.0%
1993	1,021,000	547,000	53.6%	760,000	439,000	57.8%	261,000	108,000	41.3%
1994	1,014,000	493,000	48.6%	761,000	411,000	54.0%	253,000	82,000	32.4%
1995	1,038,000	477,000	45.9%	777,000	399,000	51.3%	261,000	78,000	29.8%
1996	1,042,000	492,000	47.2%	781,000	399,000	51.1%	261,000	93,000	35.7%
1997	1,046,000	480,000	45.9%	775,000	388,000	50.1%	271,000	91,000	33.7%
1998	1,054,000	473,000	44.9%	779,000	375,000	48.2%	275,000	98,000	35.4%
1999	1,066,000	457,000	42.9%	794,000	365,000	46.0%	272,000	92,000	33.7%
2000	1,083,000	462,000	42.6%	793,000	363,000	45.8%	290,000	99,000	34.0%
2001	1,091,000	421,000	38.6%	791,000	326,000	41.2%	300,000	95,000	31.6%
2002	1,145,000	450,000	39.3%	830,000	347,000	41.8%	315,000	103,000	32.7%
2003	1,134,000	434,000	38.3%	818,000	335,000	40.9%	316,000	100,000	31.6%



## II. VIEW FROM THE PROVINCES

Poverty rates in the provinces, like the national poverty rates, tend to go up and down with the state of the economy. There are some important differences from province to province, however, that are closely linked with the strengths and weaknesses of the different provincial economies. Ontario, for example, has the largest and often the most robust economy and generally has low poverty rates.

Provincial government social programs may also influence poverty rates. A number of provinces offer income supports to low-income seniors that supplement federal income support programs and have helped to lower poverty rates over the years.

In this chapter, we look at the poverty rates for all persons, unattached individuals and families in all ten provinces from 1980 through 2003. We start with the most recent snapshot and then take a look back to the earlier years. The three territories are not included, because Statistics Canada excludes them from the annual surveys used to generate the poverty statistics.

The tables at the end of the chapter provide provincial poverty rates in 2002 and 2003 for selected family types. No statistics were available by province for couples 65 and older and single-parent fathers under 65 with children under 18 because of the small size of the two groups.

Table 2.1 gives the three main provincial poverty statistics, both numbers and rates, for 2002 and 2003. The poverty rate for all persons in 2002 ranged from a low of 12.8 percent in Prince Edward Island to a high of 21 percent in British Columbia. The rate for unattached individuals went from 35.3 percent in Ontario to 50.2 percent in Newfoundland and Labrador. The poverty rate for families went from 9.2 percent in Alberta and Prince Edward Island to 16.9 percent in British Columbia.

In 2003, the poverty rate for all persons ranged from a low of 11.8 percent in Prince Edward Island to a high of 20.1 percent in British Columbia. The rate for unattached individuals went from 35.5 percent in Ontario and Saskatchewan to a high of 52.7 percent in Newfoundland and Labrador. The poverty rate for families ranged from 7.9 percent in Prince Edward Island to 15.7 percent in British Columbia.

TABLE 2.1: POVERTY BY PROVINCE, 2002 AND 2003

	All Poor Persons				Poor Unattached Individuals				Poor Families			
	2002		2003		2002		2003		2002		2003	
	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate
Newfoundland and Labrador	96,000	18.7%	89,000	17.3%	24,000	50.2%	26,000	52.7%	23,000	14.9%	20,000	12.8%
Prince Edward Island	17,000	12.8%	16,000	11.8%	6,000	41.5%	7,000	43.7%	4,000	9.2%	3,000	7.9%
Nova Scotia	145,000	16.0%	146,000	16.1%	48,000	38.0%	47,000	36.3%	33,000	12.4%	33,000	12.6%
New Brunswick	108,000	14.8%	107,000	14.7%	37,000	41.4%	34,000	37.9%	25,000	11.5%	26,000	11.7%
Quebec	1,277,000	17.5%	1,238,000	16.9%	460,000	39.0%	483,000	39.9%	288,000	13.8%	258,000	12.4%
Ontario	1,733,000	14.5%	1,733,000	14.3%	515,000	35.3%	530,000	35.5%	377,000	11.4%	378,000	11.3%
Manitoba	188,000	17.4%	185,000	16.9%	57,000	36.6%	61,000	38.4%	39,000	12.9%	35,000	11.7%
Saskatchewan	148,000	15.9%	136,000	14.7%	50,000	36.8%	48,000	35.5%	29,000	11.2%	27,000	10.5%
Alberta	407,000	13.3%	452,000	14.6%	155,000	35.8%	171,000	38.4%	78,000	9.2%	87,000	10.1%
British Columbia	844,000	21.0%	816,000	20.1%	259,000	40.8%	255,000	39.6%	187,000	16.9%	176,000	15.7%
<b>Canada</b>	<b>4,963,000</b>	<b>16.2%</b>	<b>4,917,000</b>	<b>15.9%</b>	<b>1,610,000</b>	<b>37.7%</b>	<b>1,663,000</b>	<b>38.0%</b>	<b>1,082,000</b>	<b>12.6%</b>	<b>1,043,000</b>	<b>12.0%</b>

The 2003 statistics were little changed from 2002, and there were both ups and downs from one year to the next. Saskatchewan and British Columbia posted slightly lower rates in 2003 in each of the three categories shown in Table 2.1. Alberta had slightly higher rates in 2003 in all three categories. The results were mixed in the remaining provinces.

Figures 2.1 through 2.20 on the pages that follow show the poverty rates by province over time, beginning in 1980. The figures on the top of each page have a line that tracks the provincial poverty rate for all persons. The poverty rates for each year appear as numbers just over or just under the line. By way of comparison, the figures also have a plain line with no numbers that shows the national poverty rate for all persons.

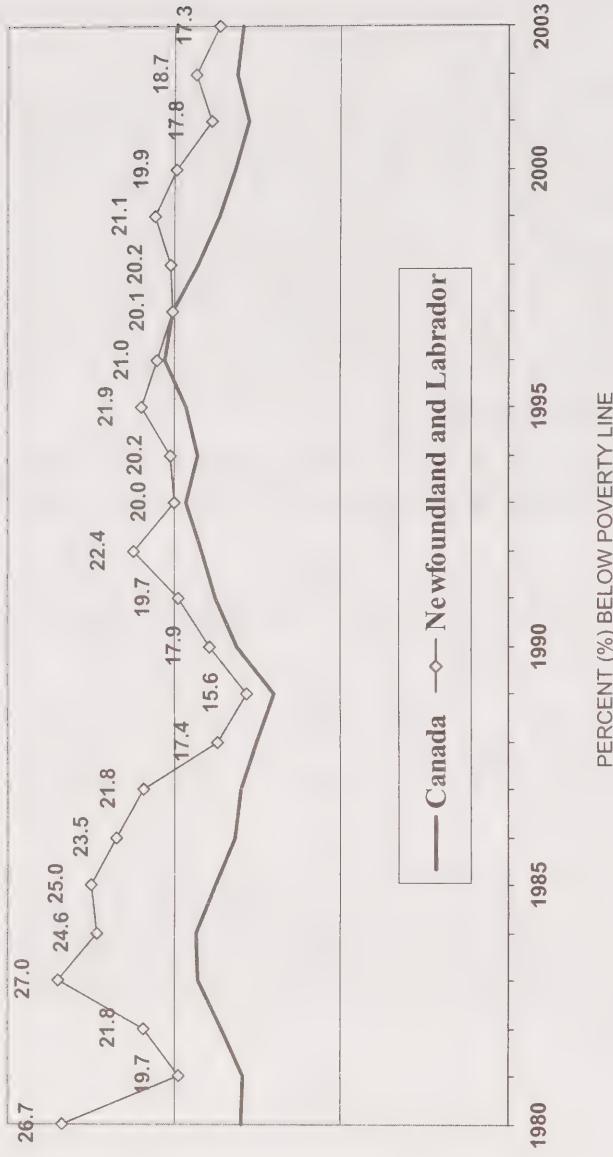
The figures at the bottom of each page give the provincial poverty rates for families and unattached individuals. Each of those lines has a corresponding line without numbers showing the national poverty rates.

Some of the figures show consistent patterns over the years and others do not. The most striking patterns over the years are in the two largest provinces. Quebec consistently has poverty rates higher than average, and Ontario is consistently lower than average.

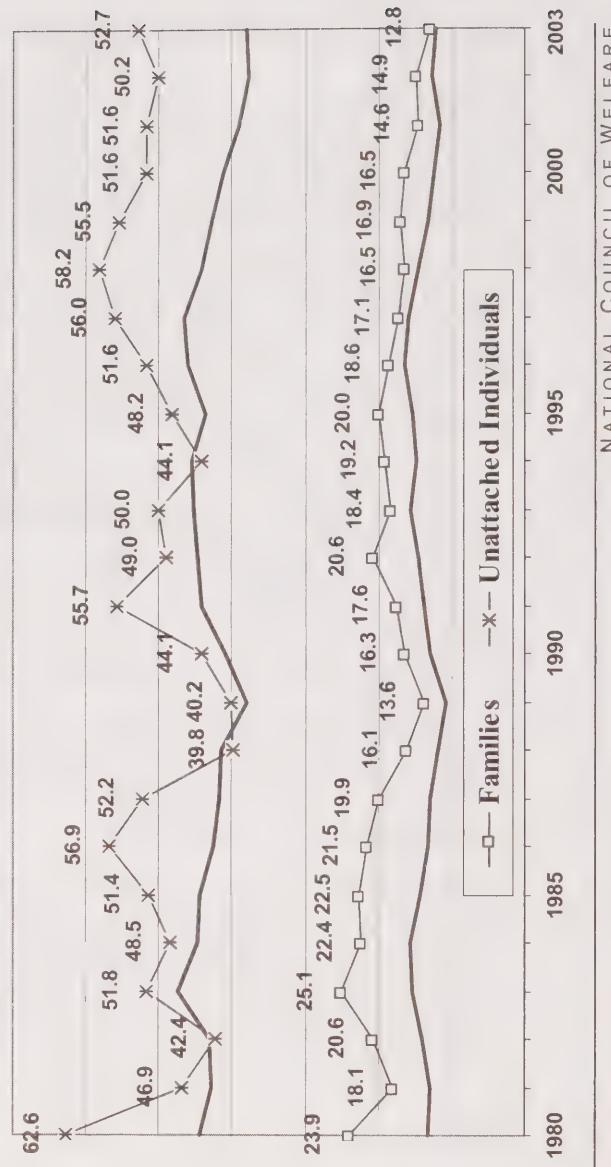
During the entire 24 years covered in the figures, the highest poverty rate for all persons was 27 percent in Newfoundland and Labrador in 1983. The lowest rate was 10.8 percent in Ontario in 1989. There was not a single year in any province when the poverty rates for all persons got down to single digits.

The highest provincial rate for unattached individuals was 66.5 percent in Prince Edward Island in 1980, and the lowest was 31.4 percent in Alberta in 1981. Even the rate of 31.4 percent is excessively high compared to the poverty rates for families. The highest provincial rate for families was 25.1 percent in Newfoundland and Labrador in 1983, and the lowest was 7.1 percent in Prince Edward Island in 1992.

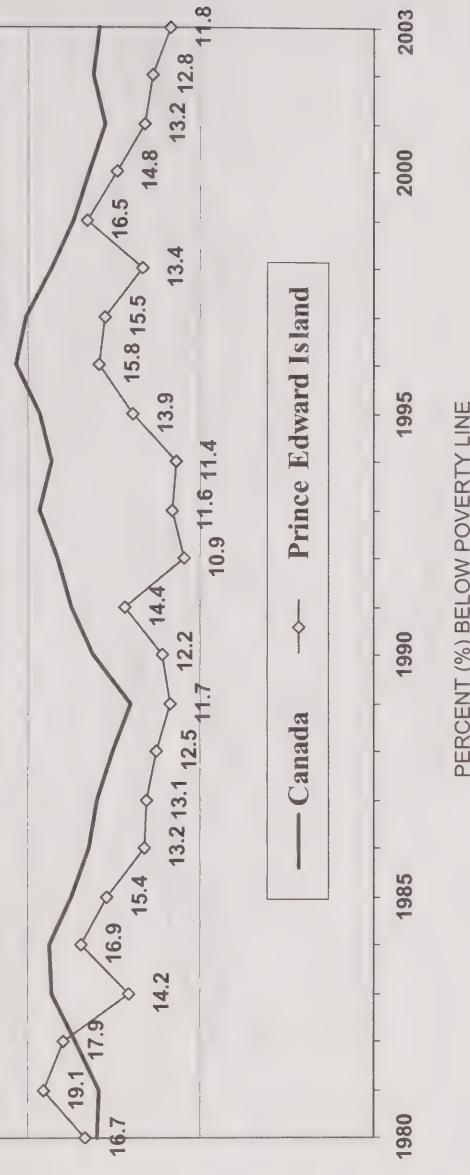
**Figure 2.1: Trends for All Persons**



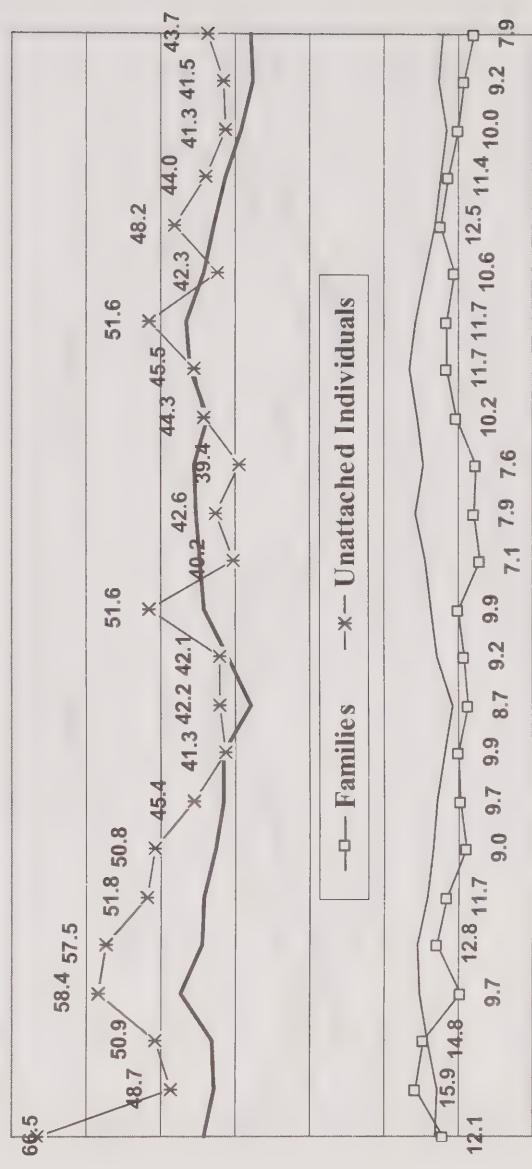
**Figure 2.2: Families and Unattached Individuals**

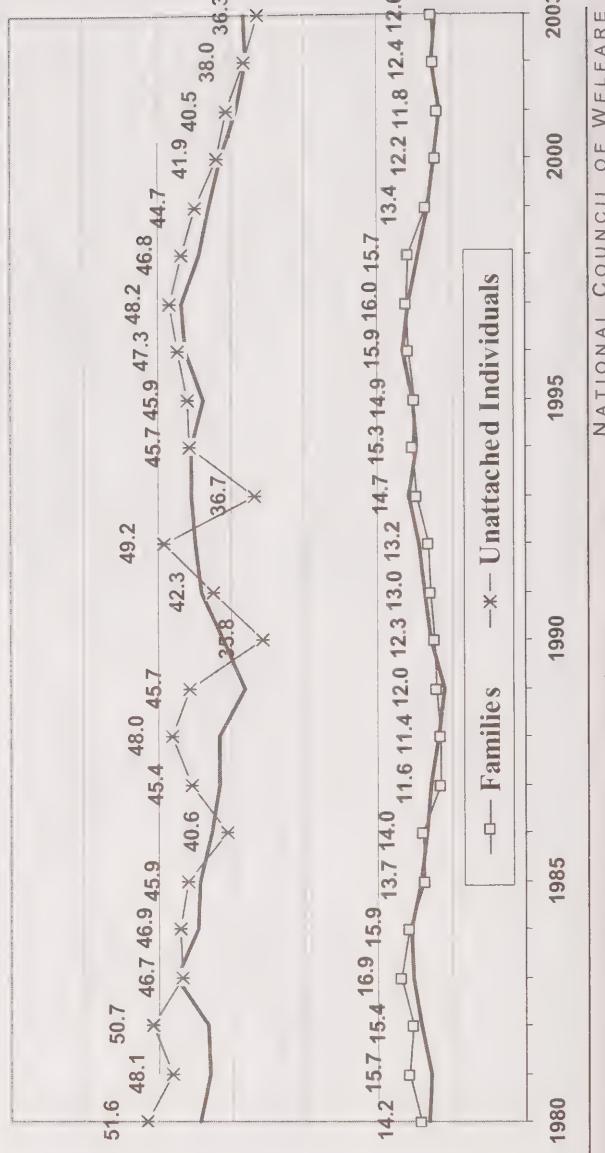
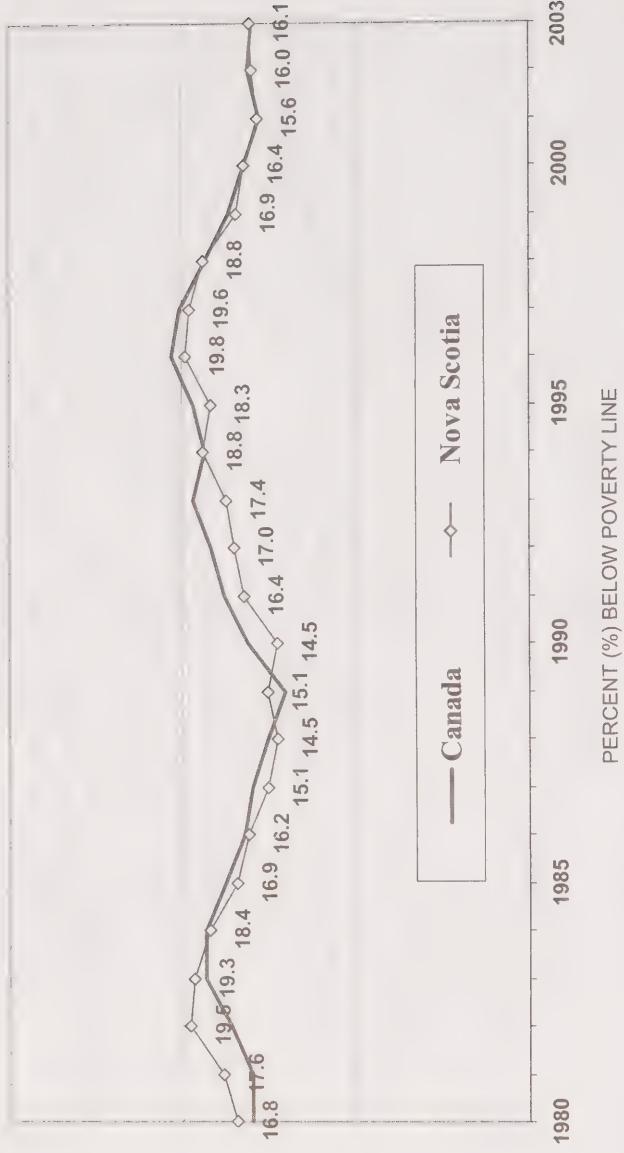


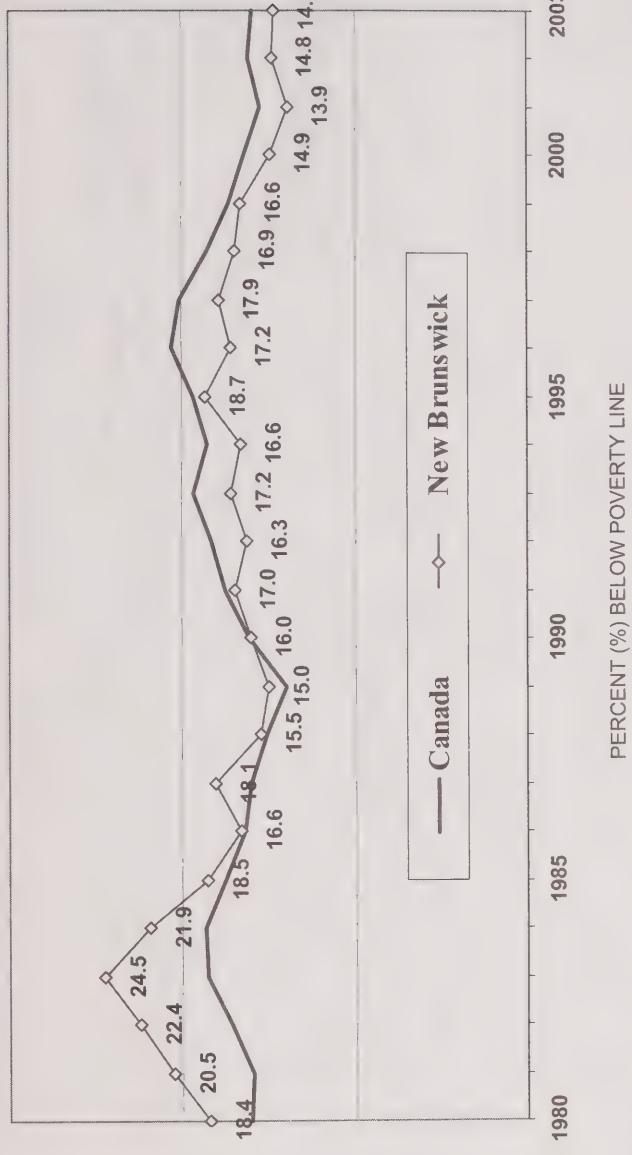
**Figure 2.3: Trends for All Persons**



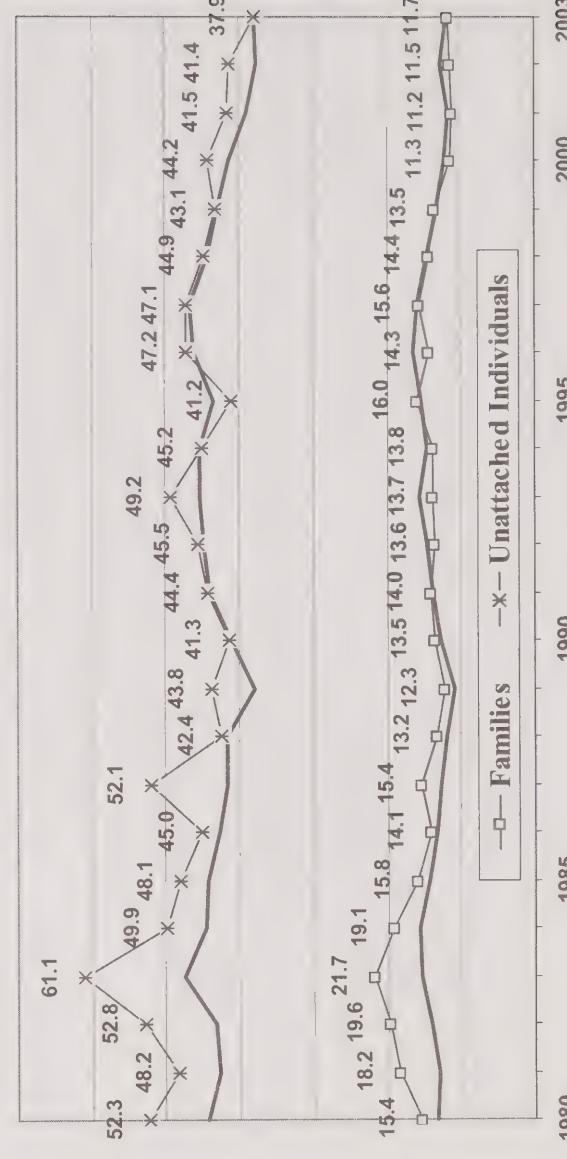
**Figure 2.4: Families and Unattached Individuals**





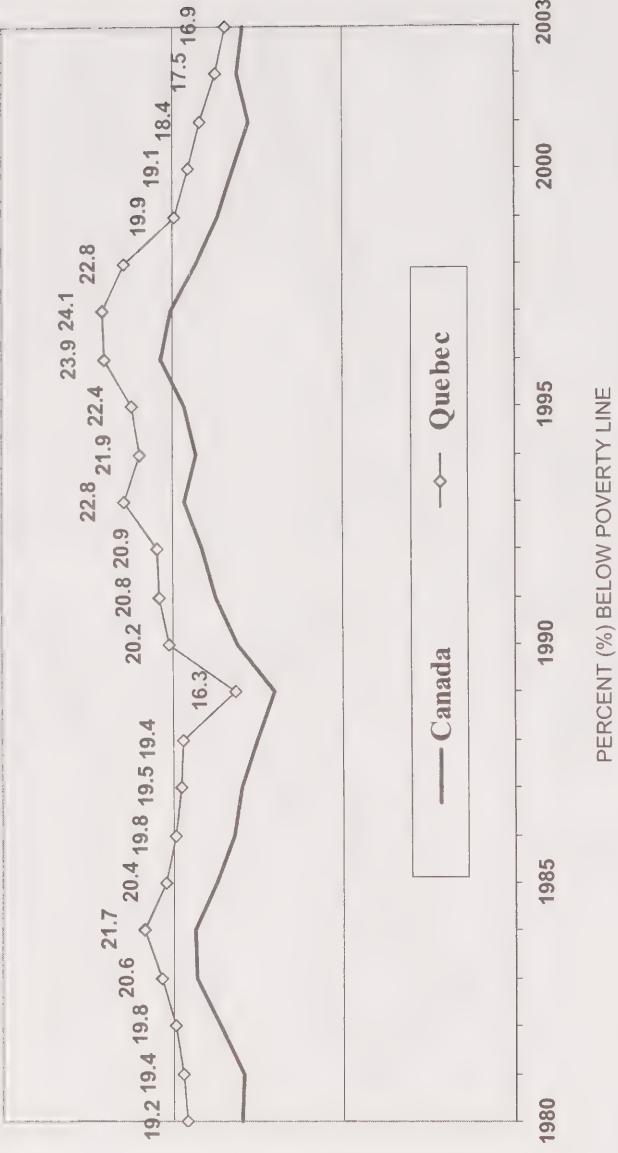


**Figure 2.7: Trends for All Persons**

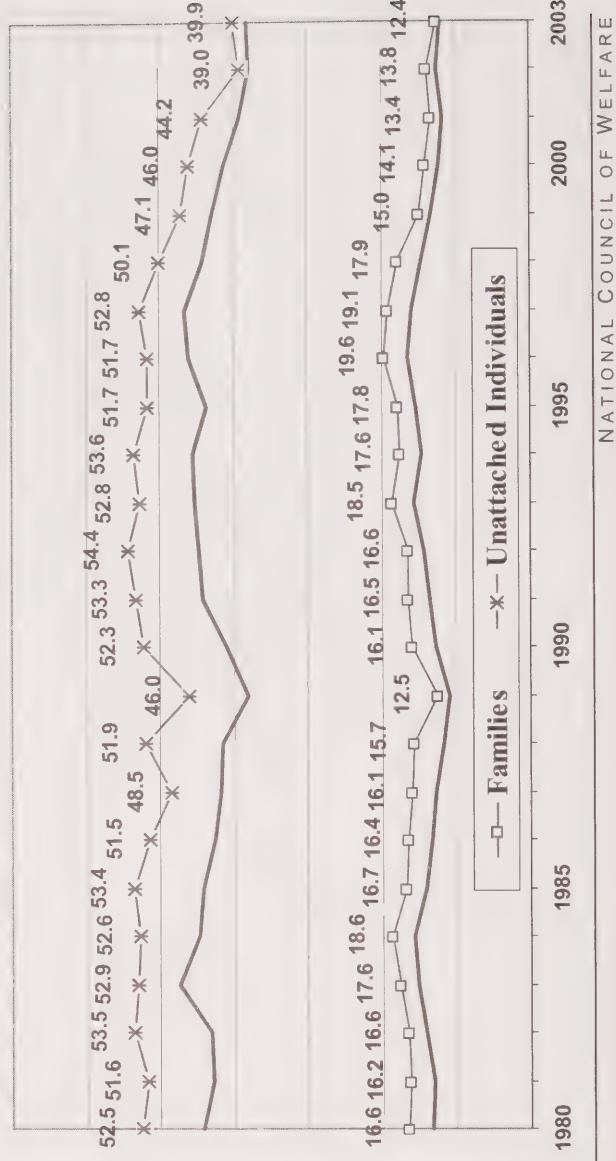


**Figure 2.8: Families and Unattached Individuals**

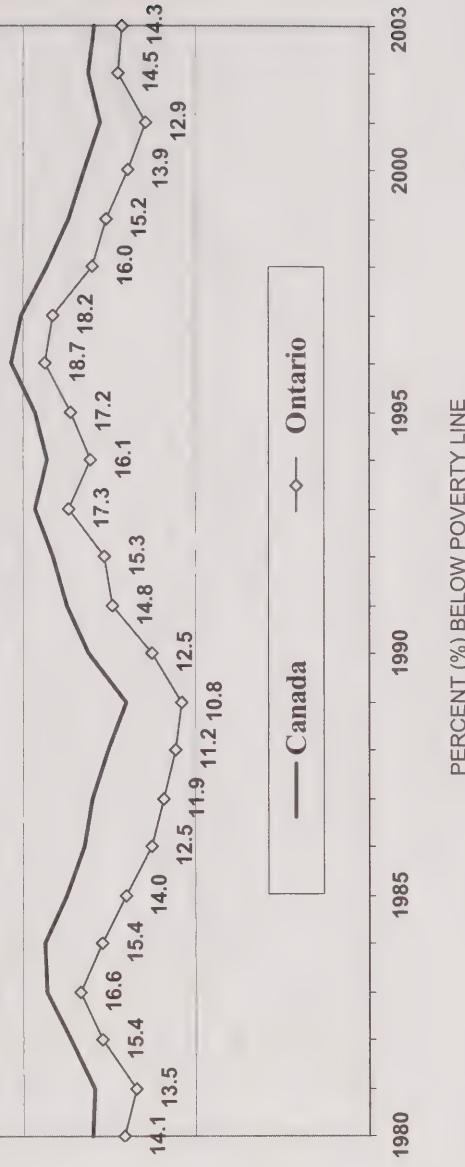
**Figure 2.9: Trends for All Persons**



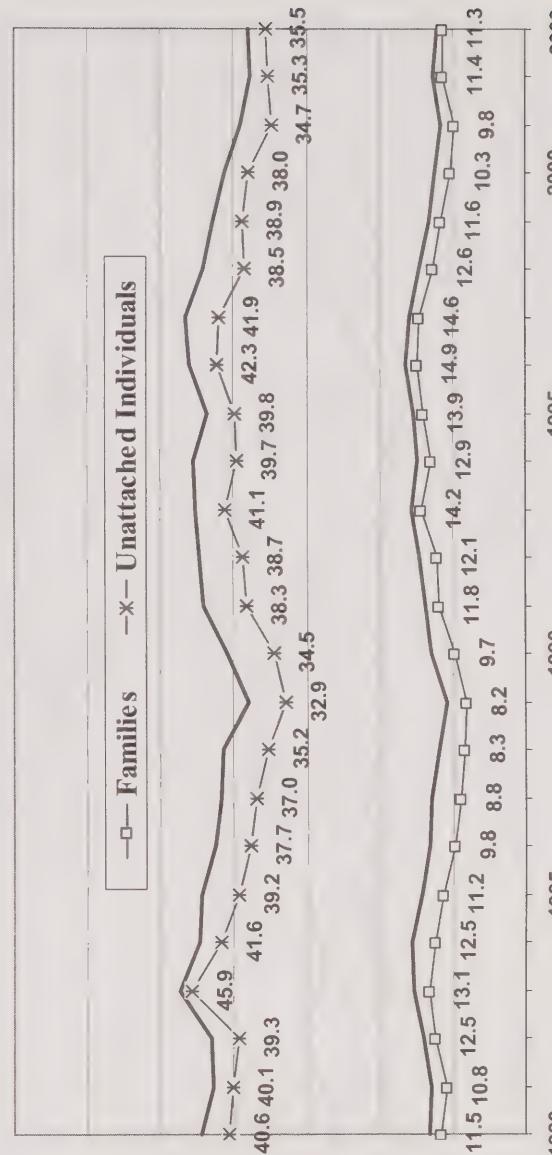
**Figure 2.10: Families and Unattached Individuals**

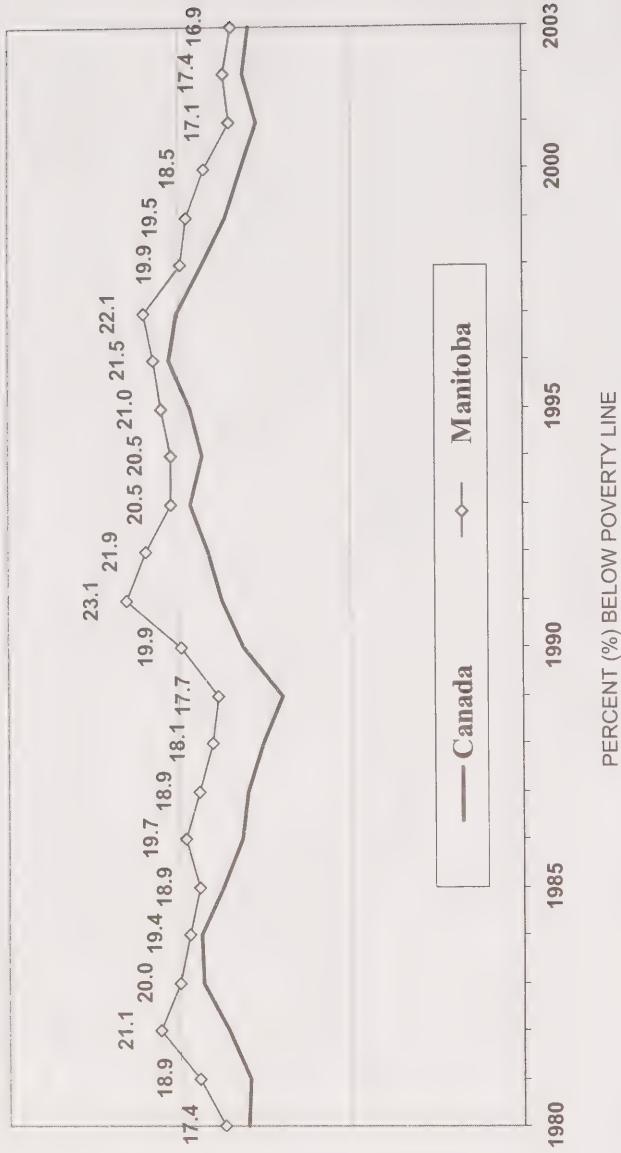


**Figure 2.11: Trends  
for All Persons**

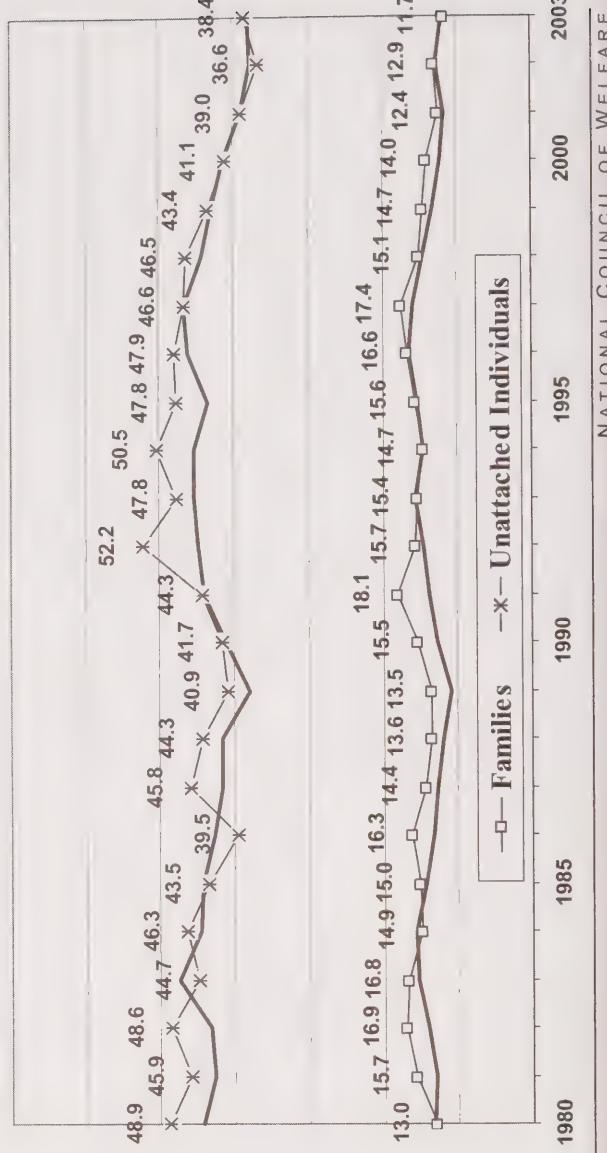


**Figure 2.12: Families  
and Unattached  
Individuals**

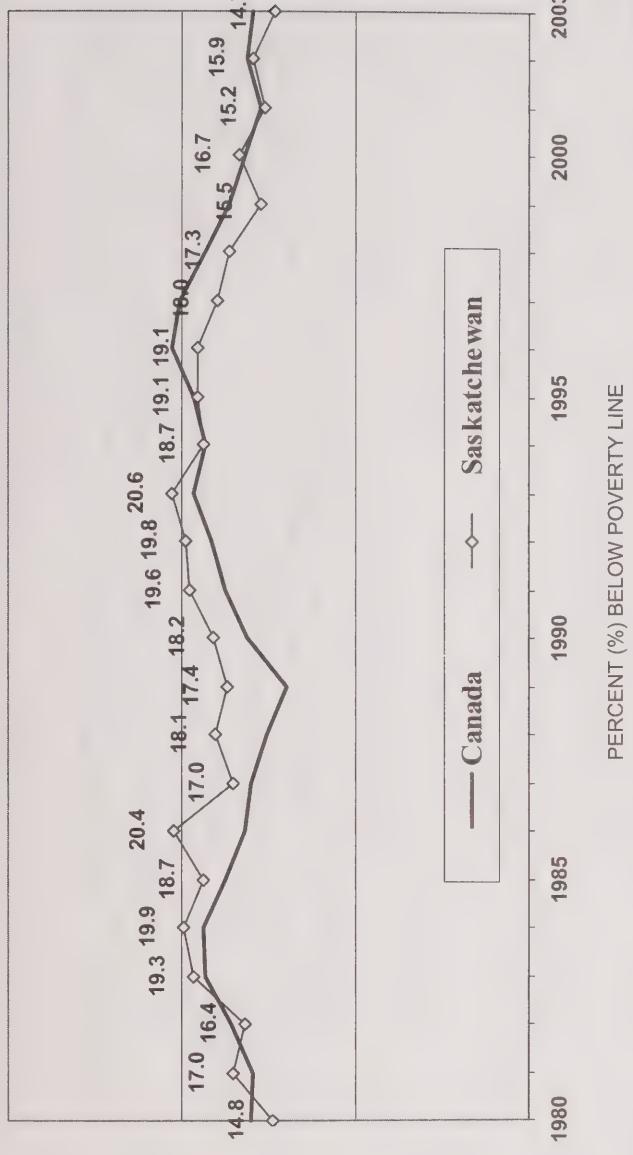




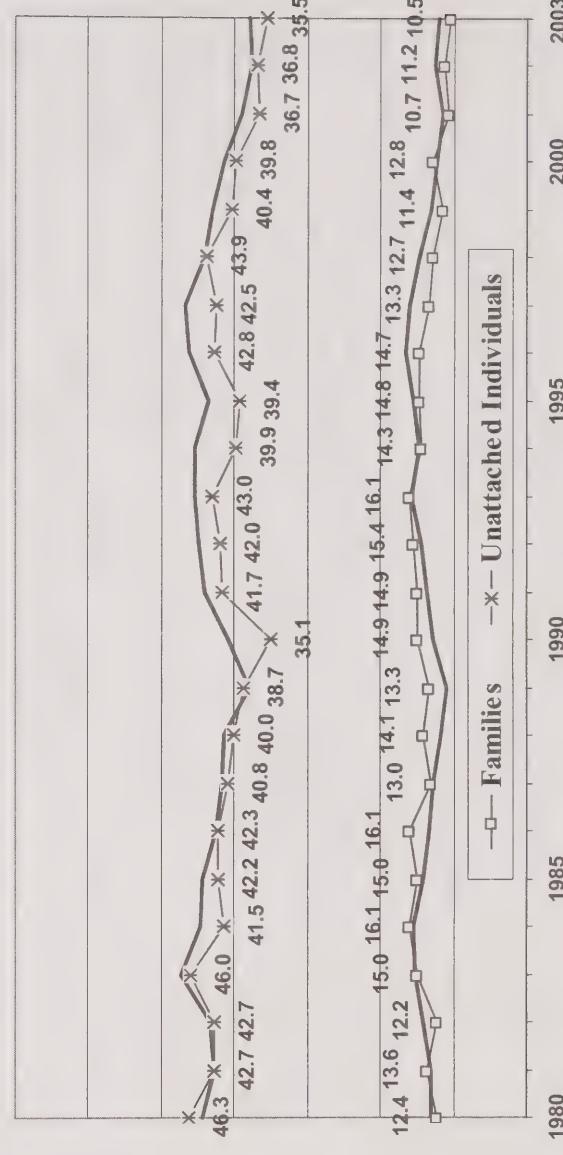
**Figure 2.13: Trends for All Persons**



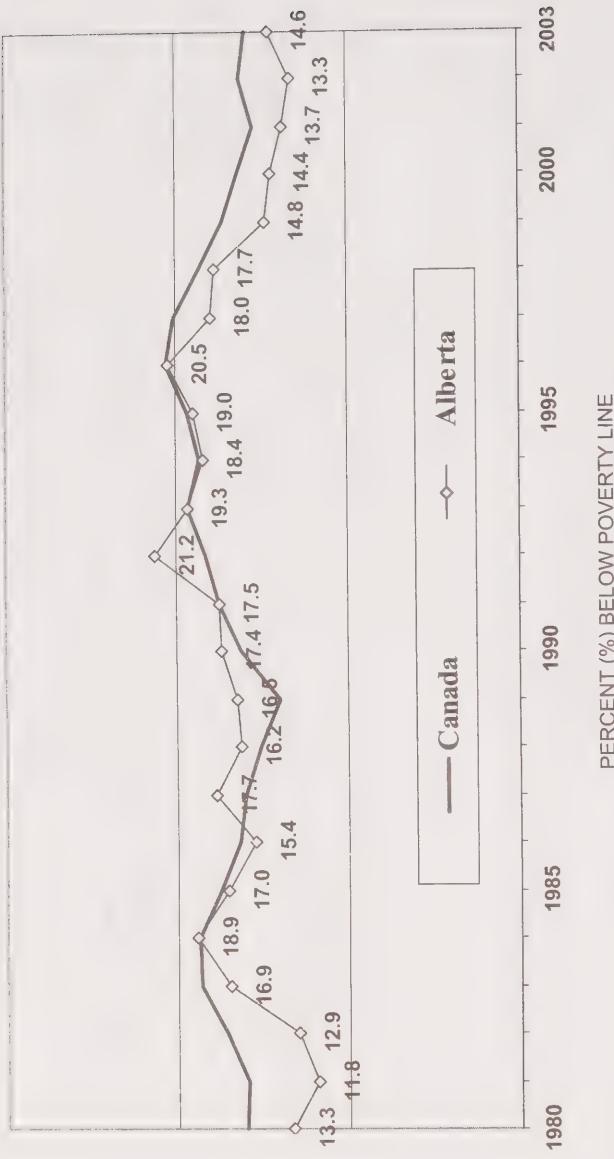
**Figure 2.14: Families and Unattached Individuals**



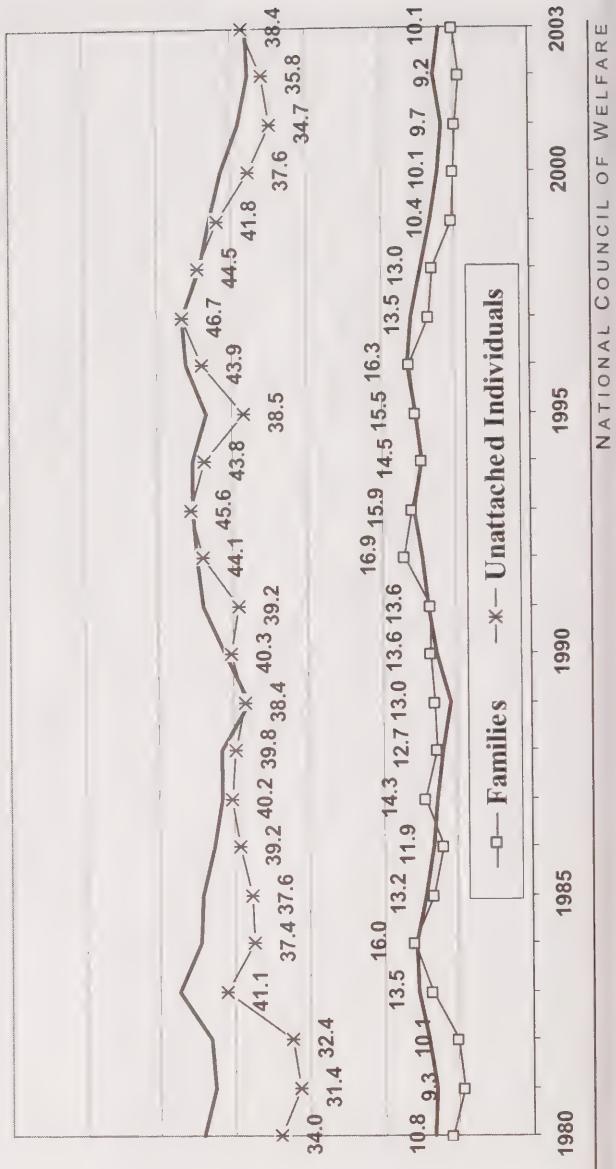
**Figure 2.15: Trends for All Persons**



**Figure 2.16: Families and Unattached Individuals**



**Figure 2.17: Trends for All Persons**



**Figure 2.18: Families and Unattached Individuals**

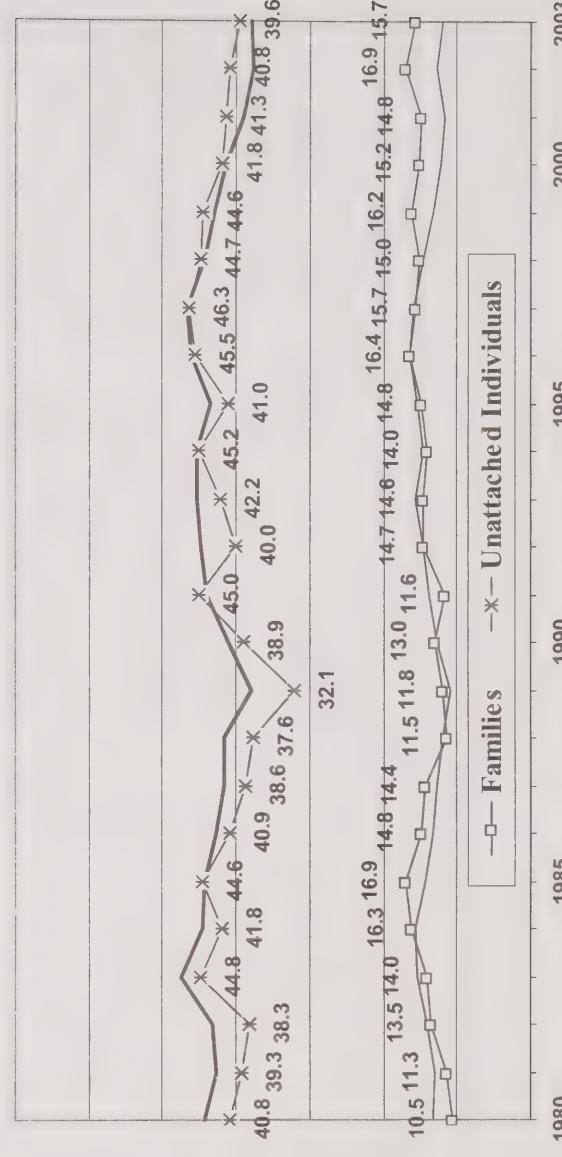
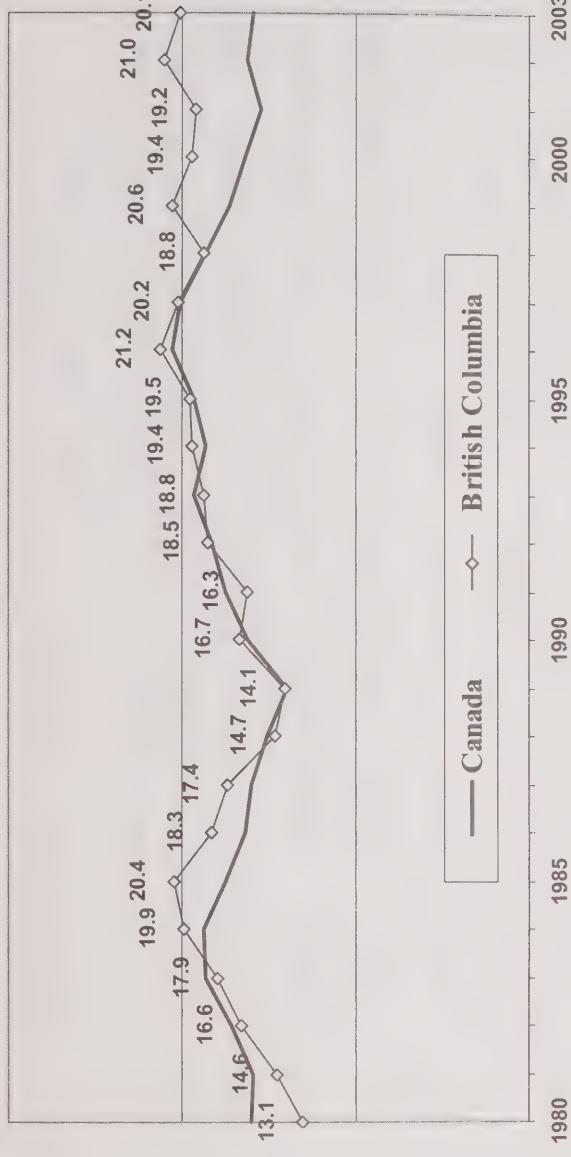


TABLE 2.2: POVERTY BY PROVINCE AND FAMILY TYPE, 2002 AND 2003

	Poor Single-Parent Mothers < 65				Poor Two-Parent Families < 65				Poor Couples < 65 Without Children			
	2002		2003		2002		2003		2002		2003	
	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate
Newfoundland and Labrador	5,000	55.8%	6,000	59.2%	8,000	14.7%	5,000	10.8%	6,000	14.9%	--	9.0%
Prince Edward Island	--	36.2%	--	33.9%	--	7.5%	--	5.6%	--	5.4%	--	5.9%
Nova Scotia	10,000	56.3%	9,000	48.4%	9,000	9.9%	9,000	10.6%	5,000	6.7%	6,000	8.8%
New Brunswick	8,000	59.1%	8,000	61.9%	6,000	8.3%	6,000	8.6%	6,000	10.6%	7,000	11.0%
Quebec	78,000	54.1%	66,000	46.9%	65,000	9.7%	64,000	9.5%	62,000	11.8%	59,000	10.8%
Ontario	99,000	51.3%	96,000	47.8%	121,000	9.6%	112,000	9.0%	51,000	7.4%	54,000	7.8%
Manitoba	10,000	48.9%	8,000	38.8%	15,000	13.6%	14,000	13.0%	7,000	10.1%	6,000	8.2%
Saskatchewan	10,000	57.0%	8,000	47.0%	8,000	8.7%	9,000	9.4%	6,000	8.7%	5,000	7.4%
Alberta	20,000	42.2%	21,000	47.4%	30,000	9.3%	29,000	9.2%	16,000	7.6%	22,000	10.0%
British Columbia	45,000	54.4%	41,000	57.1%	53,000	14.7%	48,000	13.3%	37,000	12.9%	25,000	9.4%
<b>Canada</b>	<b>286,000</b>	<b>52.2%</b>	<b>265,000</b>	<b>48.9%</b>	<b>316,000</b>	<b>10.3%</b>	<b>298,000</b>	<b>9.8%</b>	<b>196,000</b>	<b>9.7%</b>	<b>188,000</b>	<b>9.2%</b>

-- Sample size too small.

Use estimates in italics with caution (please refer to Appendix A for more information).

TABLE 2.3: POVERTY BY PROVINCE AMONG UNATTACHED INDIVIDUALS UNDER AGE 65, 2002 AND 2003

	Poor Unattached Women < 65				Poor Unattached Men < 65			
	2002		2003		2002		2003	
	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate
Newfoundland and Labrador	10,000	61.8%	9,000	61.2%	9,000	50.3%	10,000	53.2%
Prince Edward Island	2,000	43.4%	2,000	48.4%	2,000	36.5%	2,000	43.0%
Nova Scotia	15,000	38.5%	17,000	43.2%	18,000	37.7%	16,000	31.2%
New Brunswick	10,000	43.4%	10,000	43.9%	16,000	44.9%	12,000	33.8%
Quebec	167,000	42.2%	157,000	40.0%	142,000	29.6%	174,000	34.1%
Ontario	181,000	40.6%	193,000	40.9%	194,000	31.7%	205,000	33.2%
Manitoba	18,000	38.6%	20,000	43.0%	20,000	31.2%	20,000	30.5%
Saskatchewan	14,000	47.1%	13,000	42.7%	21,000	35.7%	22,000	36.4%
Alberta	65,000	47.2%	75,000	51.9%	71,000	33.6%	76,000	35.0%
British Columbia	80,000	45.1%	87,000	44.6%	105,000	37.1%	106,000	36.5%
<b>Canada</b>	<b>562,000</b>	<b>42.7%</b>	<b>585,000</b>	<b>42.8%</b>	<b>599,000</b>	<b>33.0%</b>	<b>643,000</b>	<b>34.4%</b>

Use estimates in italics with caution (please refer to Appendix A for more information).

TABLE 2.4: POVERTY BY PROVINCE AMONG UNATTACHED INDIVIDUALS 65 AND OLDER, 2002 AND 2003

	Poor Unattached Senior Women				Poor Unattached Senior Men			
	2002		2003		2002		2003	
	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate	Number	Poverty Rate
Newfoundland and Labrador	4,000	45.3%	4,000	45.9%	--	--	--	40.4%
Prince Edward Island	--	45.2%	2,000	46.5%	--	42.4%	--	22.5%
Nova Scotia	11,000	39.9%	10,000	38.3%	--	32.1%	--	31.8%
New Brunswick	9,000	38.4%	9,000	38.6%	--	30.4%	--	36.3%
Quebec	119,000	53.8%	119,000	53.0%	32,000	38.8%	32,000	39.4%
Ontario	102,000	35.3%	99,000	34.8%	37,000	33.1%	32,000	28.0%
Manitoba	16,000	44.9%	17,000	48.6%	--	34.5%	--	33.2%
Saskatchewan	12,000	35.6%	10,000	30.1%	--	18.6%	--	27.5%
Alberta	17,000	26.8%	17,000	26.8%	--	--	--	16.0%
British Columbia	55,000	45.0%	47,000	41.7%	--	36.1%	--	32.8%
<b>Canada</b>	<b>347,000</b>	<b>41.8%</b>	<b>335,000</b>	<b>40.9%</b>	<b>103,000</b>	<b>32.7%</b>	<b>100,000</b>	<b>31.6%</b>

-- Sample size too small.

Use estimates in italics with caution (please refer to Appendix A for more information).

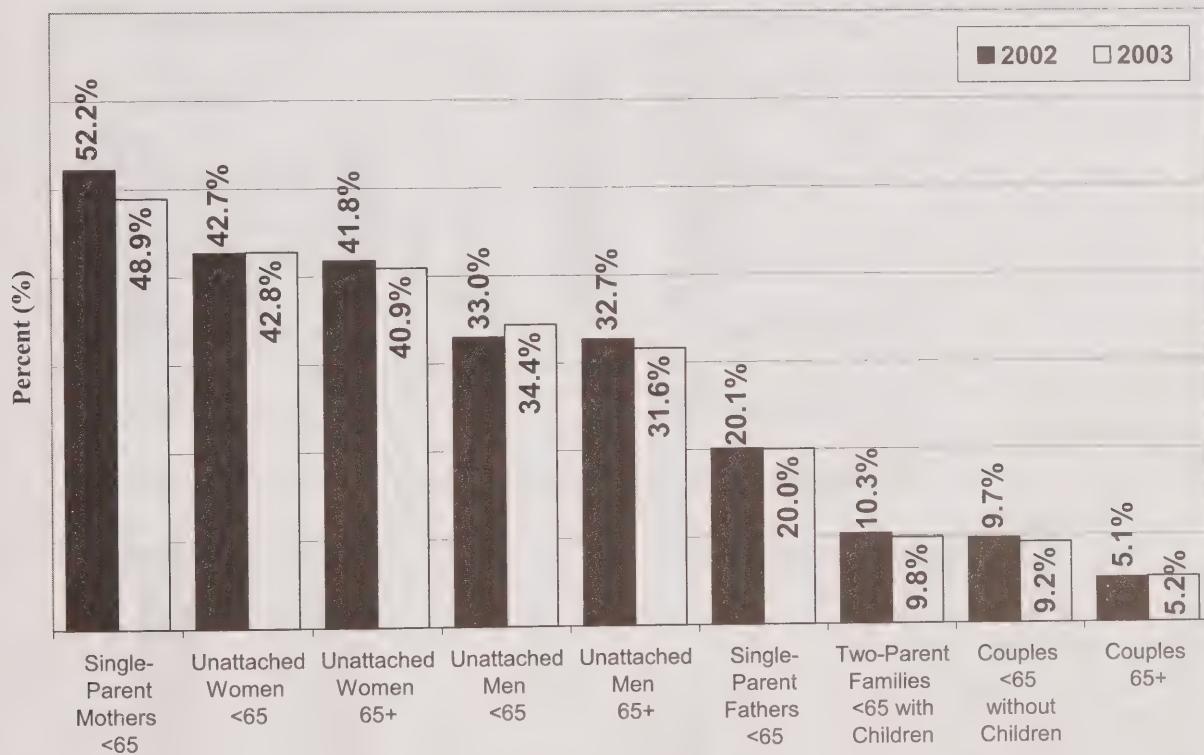
### III. SNAPSHOTS OF POVERTY IN 2002 AND 2003

Poverty rates vary with family type, sex, age group, level of education, housing status and the population of the area of residence. Among families with children, rates vary with the number of children in the family and the age group of the children. Among immigrants, there are important differences based on the number of years they have been in Canada.

#### FAMILY TYPE

Probably the most important overall determinant of poverty in Canada is family type, notably the nine different types of families and unattached individuals described earlier in this report. Figure 3.1 ranks the family types according to their 2002-2003 poverty rates, with the highest rates on the left and the lowest on the right.

**Figure 3.1: Poverty Rates by Family Type, 2002 and 2003**



Single-parent mothers under 65 had a poverty rate of 52.2 percent in 2002 and 48.9 percent in 2003, the highest rates for any family type in both years. Unattached women under 65 had the second highest rate at 42.7 percent in 2002 and 42.8 percent in 2003. The

family type with the lowest poverty rate in both years was senior couples, with rates of 5.1 and 5.2 percent in 2002 and 2003, respectively.

Stepping back from Figure 3.1, it is clear that the four family types of unattached individuals and the two types of single-parent families all had high poverty rates in 2002 and 2003, and the three family types that included couples all had low poverty rates. The simple explanation for the disparity is that many couples had both partners in the paid labour force or both partners bringing in pension incomes.

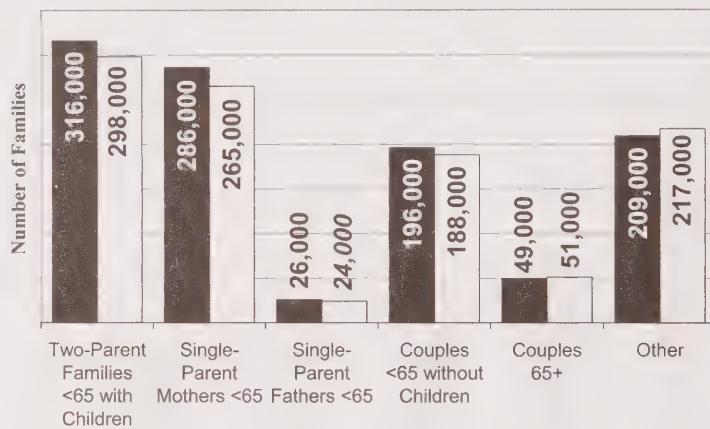
Poverty rates measure the risk of poverty within any given group, but it is also important to know the number of poor people or poor family units. Figure 3.2 shows the number of poor families and poor unattached individuals in 2002 and 2003.

In Figure 3.2—“Families”, the two largest bars represent the 316,000 poor two-parent families under 65 with children in 2002 (298,000 in 2003), and the 286,000 poor families headed by single-parent mothers under 65 in 2002 (265,000 in 2003). The two-parent families had a relatively low poverty rate, but accounted for a large number of poor families nonetheless. The single-parent mothers had a high poverty rate and also made up a large number of poor families.

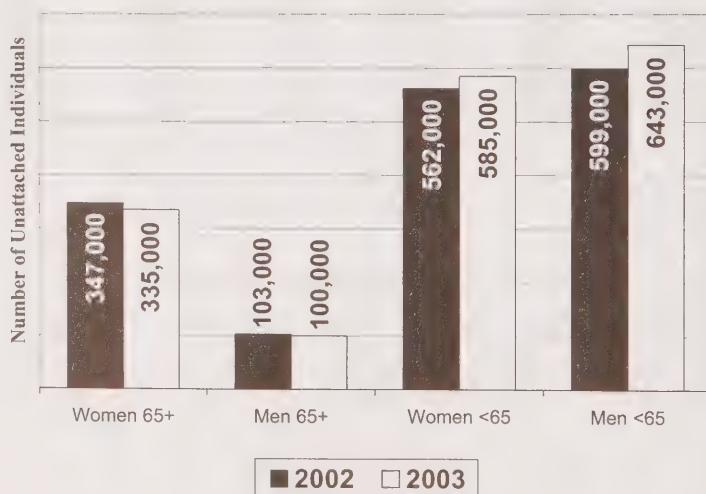
Figure 3.2—“Unattached Individuals” shows the number of poor unattached women and men under and over 65. The number of poor unattached women and men under 65 was almost the same, but the number of poor unattached senior women was more than three times the number of poor unattached senior men.

**Figure 3.2: Distribution of Poor Families and Unattached Individuals, 2002 and 2003**

#### FAMILIES



#### UNATTACHED INDIVIDUALS

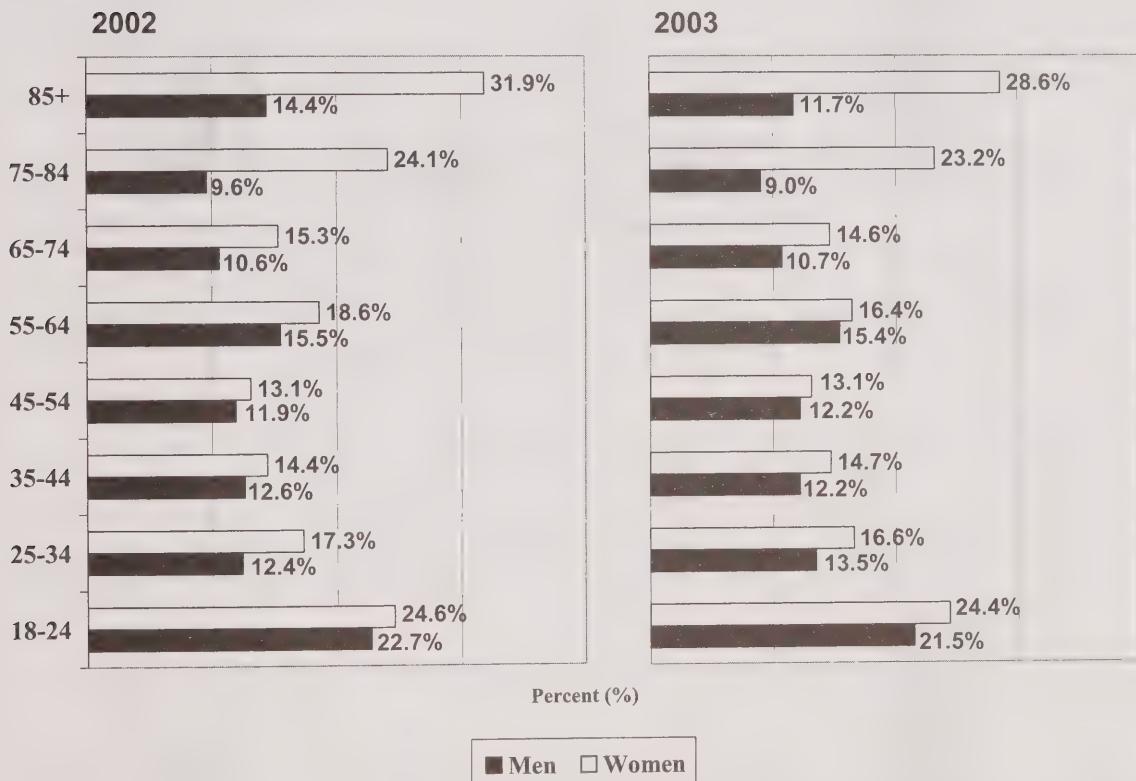


## AGE GROUP AND SEX

Women and men have identical poverty rates when they live together as couples, but women who are unattached or single parents have long had higher poverty rates than men who are unattached or single parents. When all women and all men are considered together and the poverty rates are calculated by person rather than family unit, women often have a higher overall rate.

The differences between the sexes are related in part to age, as shown in Figure 3.3, and changes in family circumstances that are often linked to age.

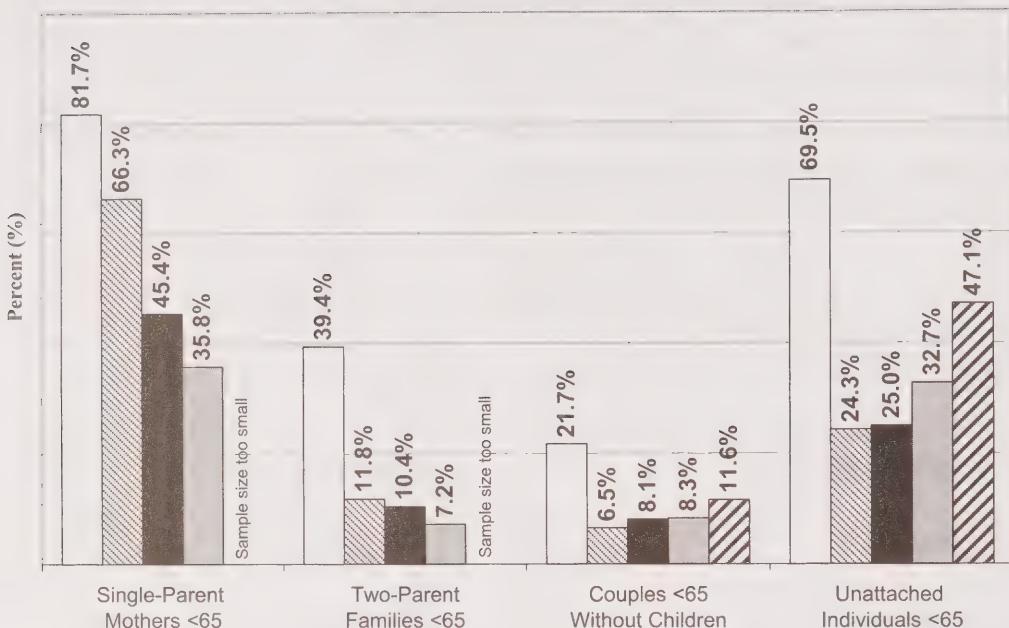
**Figure 3.3: Poverty Rates for Persons by Age Group and Sex, 2002 and 2003**



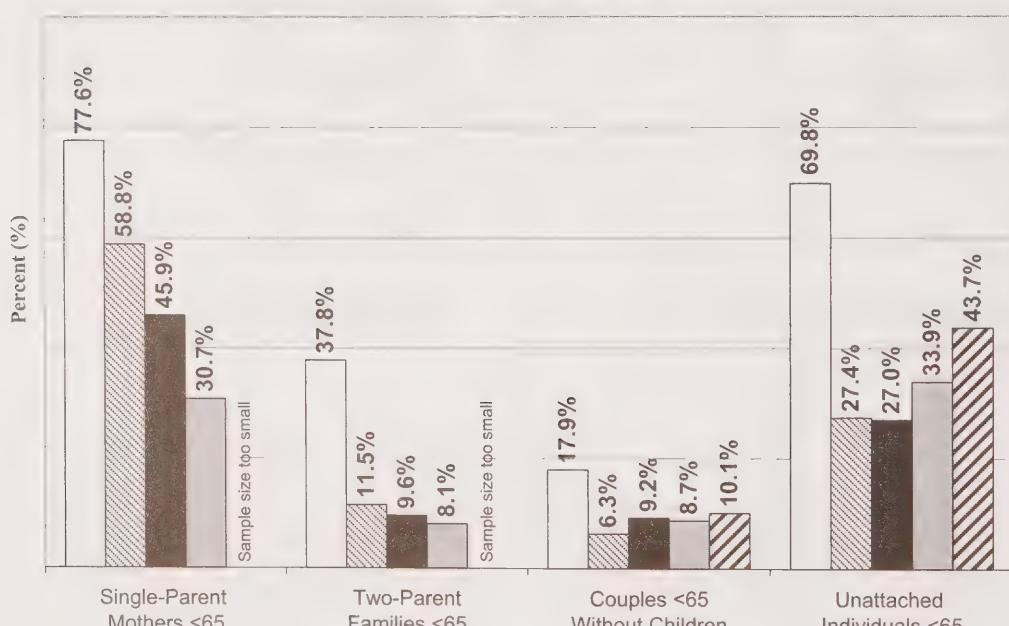
The gap between the sexes tends to narrow as more and more people form couples in their late twenties and thirties. By the age group 45 to 54, the poverty rates for women and men were very close. From the age group 55 to 64 upwards, the gap got wider and wider, presumably as more men died and more women became widows. By the age group 85 and older, the poverty rate for women hit 31.9 percent in 2002 and 28.6 percent in 2003 while the rate for men was only 14.4 percent in 2002 and 11.7 percent in 2003.

**Figure 3.4: Poverty Rates by Family Type for Age Group of Major Income Earner, 2002 and 2003**

**2002**



**2003**



□ MIE Under 25    ■ MIE 25-34    ■ MIE 35-44    □ MIE 45-54    □ MIE 55-64

MIE = Major Income Earner

## FAMILY TYPE AND AGE GROUP

The statistics on age group have to be tempered with the statistics on family type. The next four figures look at the two sets of statistics in tandem for four family types under age 65: single-parent mothers, two-parent families, couples without children, and unattached men and women combined into one family type.

The left half of Figure 3.4 features the two family types with children. The poverty rates for both family types decrease with the age of the parents. In the case of the single-parent mothers, the range in 2002 was from an extremely high poverty rate of 81.7 percent for parents under 25 to a high, but much more reasonable rate of 35.8 percent for parents 45 to 54. In 2003, the range was from 77.6 percent for the youngest parents and 30.7 percent for parents 45 to 54. The sample size for the age group 55 to 64 was too small to be reported.

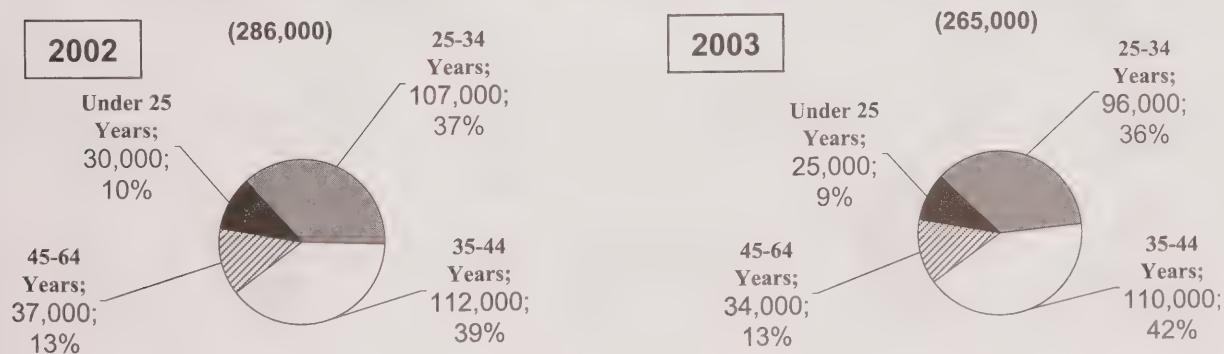
The same general pattern applied in the case of two-parent families; however, the range was smaller. Poverty rates in 2002 spanned from 39.4 percent for parents under 25 to 7.2 percent for parents 45 to 54. In 2003, the range was from 37.8 percent for parents under 25 to 8.1 percent for parents 45 to 54.

As Figures 3.5 and 3.6 show, the overwhelming number of poor parents were in two age groups: 25 to 34 and 35 to 44. That should come as no surprise, because women in Canada most often have children when they are in their twenties or thirties.

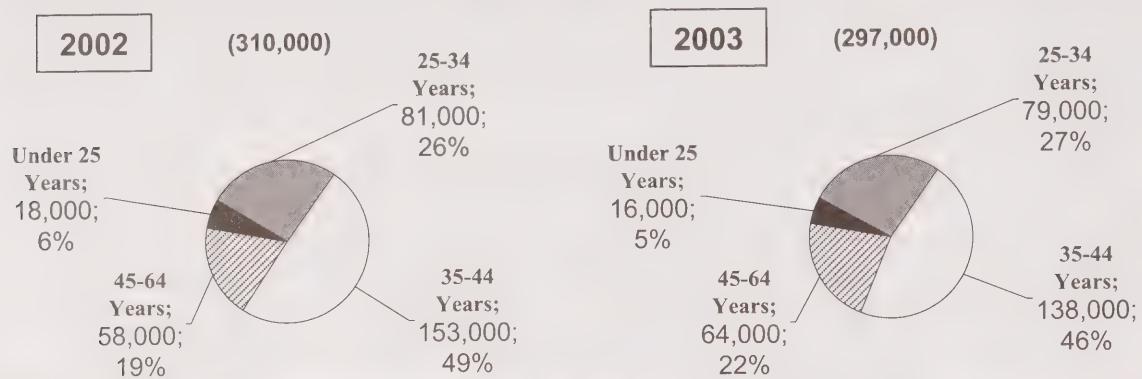
The figures on single-parent mothers are especially noteworthy, because so few of the poor single-parent mothers were under 25 and so many were 35 to 44. That shows clearly that marriage breakdown, not teenage pregnancy, was the main reason for the high rate of poverty among families headed by single-parent mothers.

The same analysis is used with couples under 65 without children and unattached individuals under 65. The right half of Figure 3.4 gives the poverty rates for the two family types. For the couples without children, the poverty rate was highest for those under age 25 and second highest in the age group 55 to 64. For unattached individuals, the poverty rate was highest under age 25 and second highest in the age group 55 to 64.

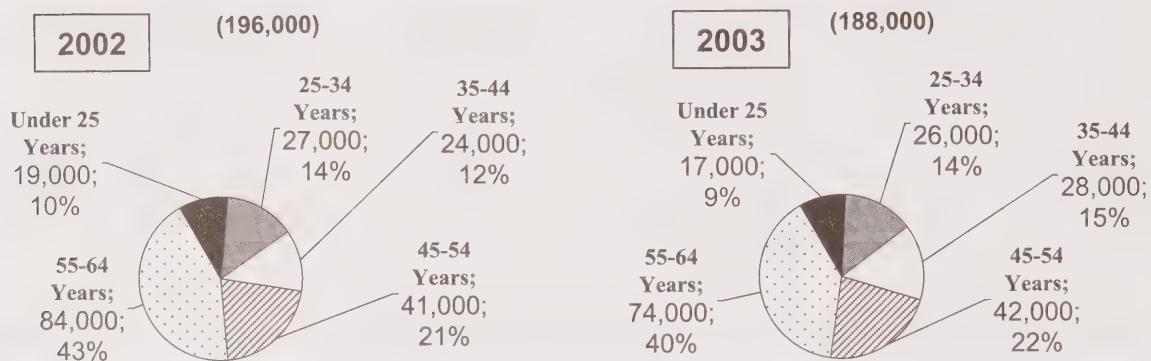
**Figure 3.5: Distribution of Poor Single-Parent Mothers, by Age, 2002 and 2003**



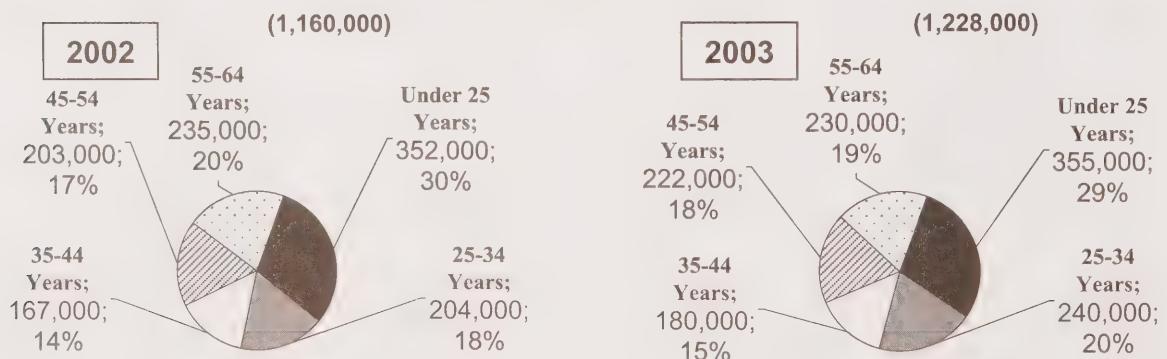
**Figure 3.6: Distribution of Poor Two-Parent Families Under 65 with Children Under 18, by Age of Major Income Earner, 2002 and 2003**



**Figure 3.7: Distribution of Poor Couples Under 65 without Children, by Age of Major Income Earner, 2002 and 2003**



**Figure 3.8: Distribution of Poor Unattached Individuals Under 65, by Age, 2002 and 2003**



The patterns suggest problems that younger people often have as they try to get established in the paid labour force, problems such as high unemployment rates among younger workers, a shortage of full-time, full-year jobs, and entry-level wages that are far below average wages. For people 55 to 64, the most likely explanations are personal health problems that tend to increase with age and the difficulties older workers often have finding work if they lose their jobs because of layoffs or plant closures.

Figures 3.7 and 3.8 show that most poor couples under 65 without children were older couples, with 84,000 or 43 percent of the poor couples in the age group 55 to 64 in 2002, and 74,000 or 40 percent in 2003. Among unattached persons under 65, the highest number fell into the youngest age group while the distribution between the other age groups was fairly even.

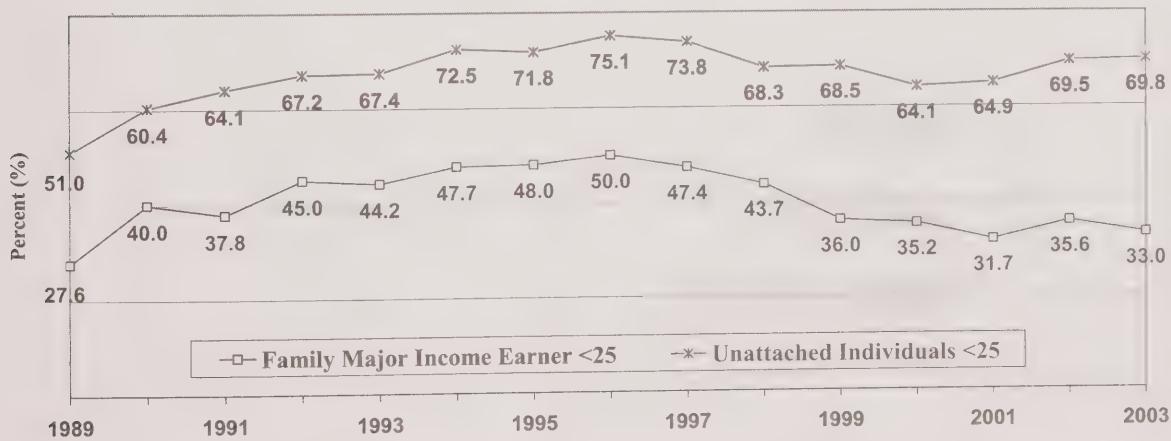
## YOUNG ADULTS

All in all, adults under 25 have the highest risk of poverty of any age group, even though their poverty rates have fallen somewhat since the mid-1990s.

Unattached individuals under 25 had a poverty rate of 69.5 percent in 2002 and 69.8 percent in 2003. Families where the major income earner was under 25 had a poverty rate of 35.6 percent in 2002 and 33.0 percent in 2003. The figure for the unattached young adults was among the worst of any of the poverty rates in both 2002 and 2003.

Figure 3.9 shows that poverty rates for young adults increased during the 1990-91 recession and hit peak levels in 1996. Young families have seen a steady decline in poverty rates since that time, although it is still not back down to the rate in 1989. For young unattached individuals, however, the decline stalled in the late 1990s and poverty rates have slowly increased since 2000.

**Figure 3.9: Poverty Rates for Family Major Income Earner and Unattached Individuals Under 25, 1989-2003**



## NUMBER AND AGE GROUP OF CHILDREN

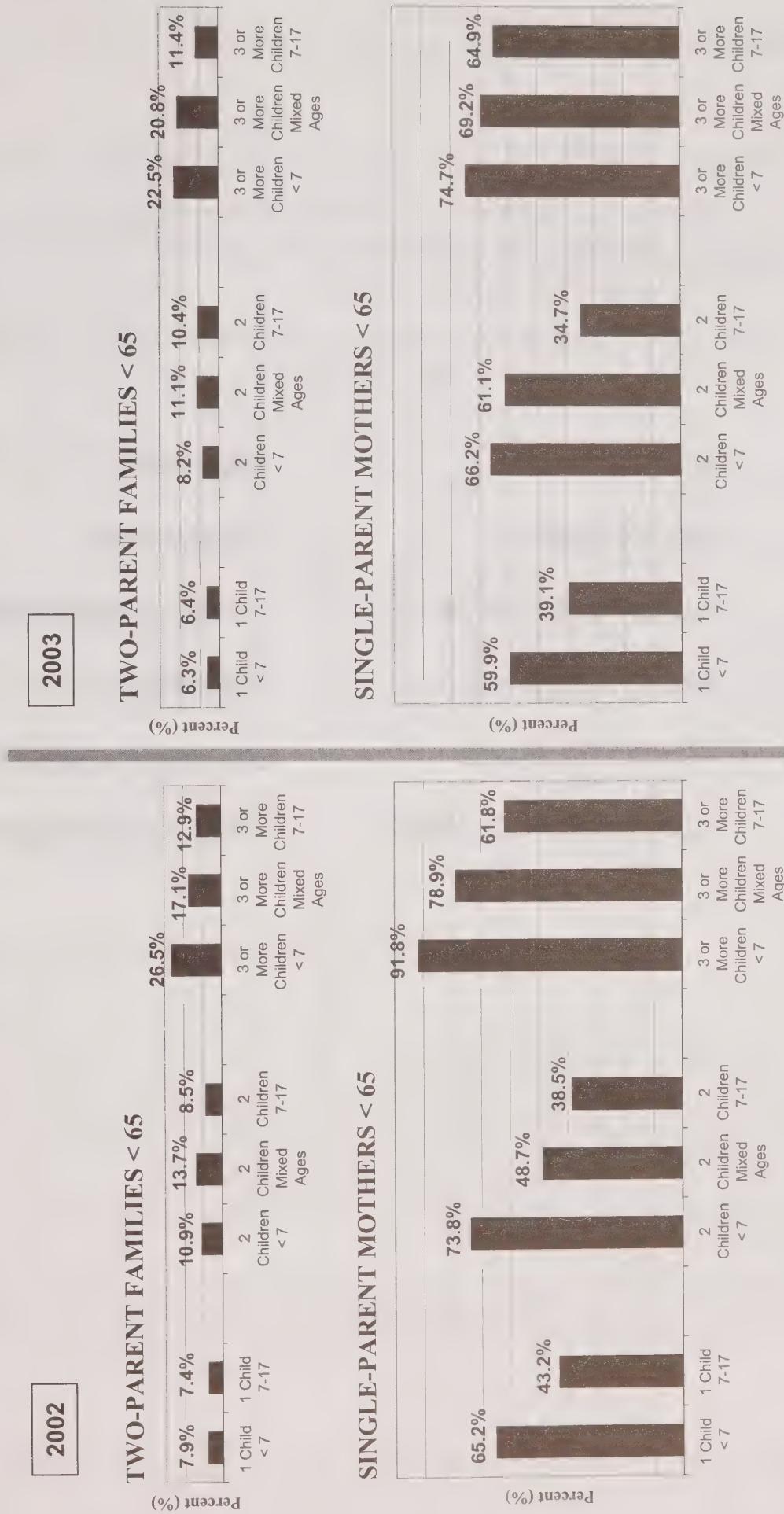
The overall poverty rate for single-parent mothers is very high, and the overall rate for two-parent families with children is reasonably low. Within those two general ranges, however, there are significant differences based on the number of children in the family and whether the children are pre-schoolers or going to school.

Figure 3.10 shows the variations by number of children and age group. Poverty rates generally increase with the number of children and decrease as the youngest child in the family starts going to school all day. As we will see later in the report, one-earner families have higher poverty rates than two-earner families, and many couples with young children find it difficult to have both spouses in the paid labour force because of the lack of high-quality, affordable child care. That situation is often eased once the children are in grade school and no longer need full-day child care.

In the case of two-parent families under 65, the poverty rate for families with one child under seven was 7.9 percent in 2002 and 6.3 percent in 2003. The rate for families with one child aged seven to 17 was a bit lower at 7.4 percent in 2002 and 6.4 percent in 2003. The rates rose as the number of children increased, but families where all the children were seven or older usually had the lowest rate in their group.

The same general pattern applied to families led by single-parent mothers under 65, but the poverty rates are much higher. For example, the poverty rate for single-parent mothers with one child under age 7 was 65.2 percent in 2002 and 59.9 percent in 2003. That was more than eight times as high as the poverty rate for two-parent families.

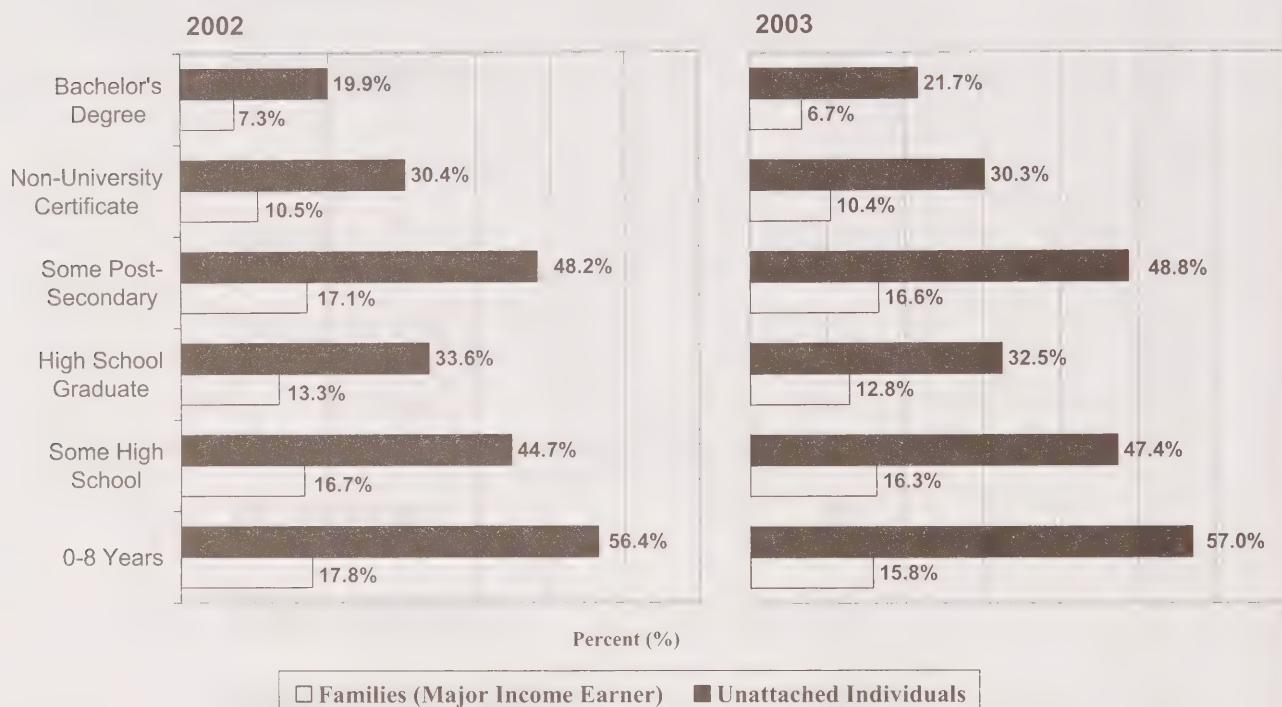
Figure 3.10: Poverty Rates by Number and Age Group of Children, 2002 and 2003



## EDUCATION

The risk of poverty tends to fall as people get more education. Figure 3.11 shows the poverty rates according to the highest level of education completed by an unattached person and by the major income earner in a family.

**Figure 3.11: Poverty Rates by Highest Level of Education Completed, 2002 and 2003**



Unattached persons with eight years of school or less had a poverty rate of 56.4 percent in 2002 (57 percent in 2003), while those with a university bachelor's degree had a rate of 19.9 percent in 2002 (21.7 percent in 2003). The difference was almost as dramatic for families - from a rate of 17.8 percent in 2002 (15.8 percent in 2003) in families where the major income earner had eight years of schooling or less to 7.3 percent in 2002 (6.7 percent in 2003) where the major income earner had a bachelor's degree. In both groups, there was a slight bulge in the middle of the figure for those who had more than a high school education but less than a certificate or degree from a post-secondary institution.

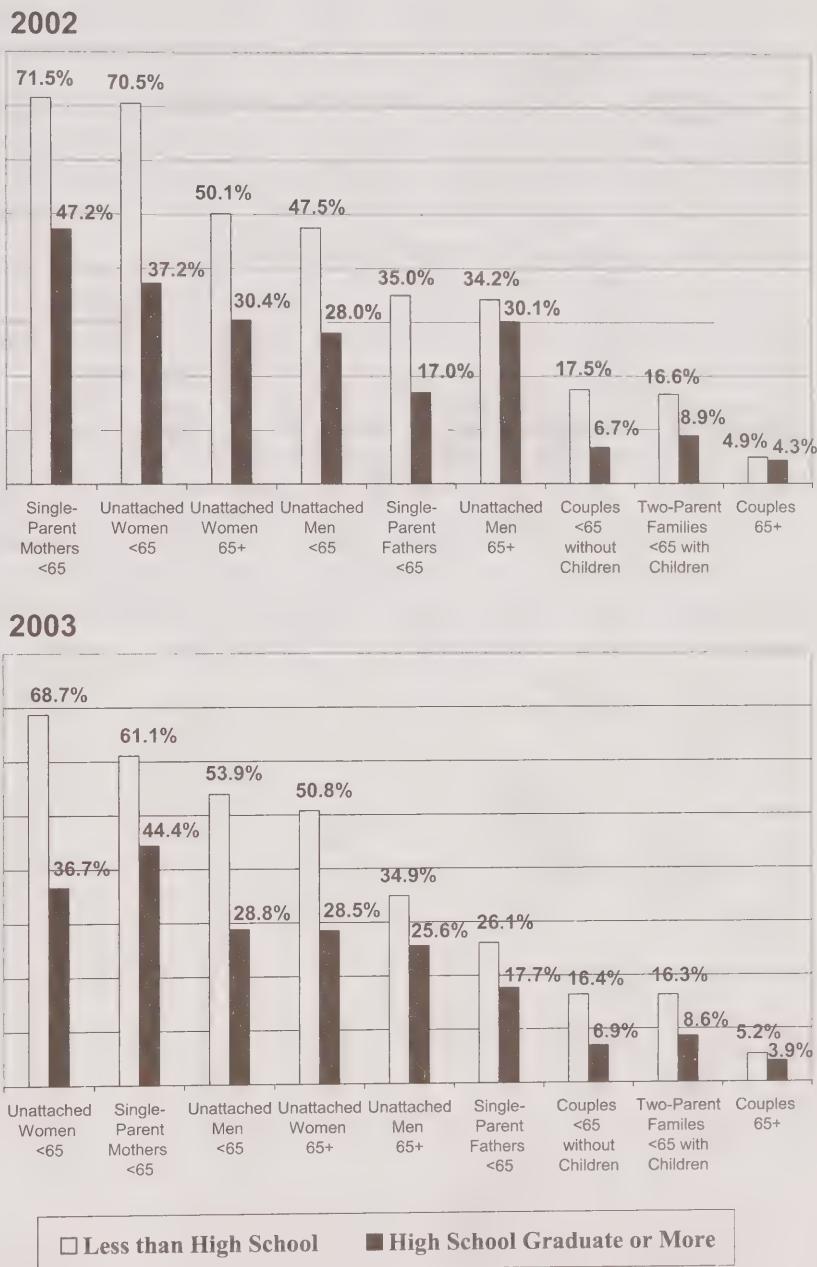
Families with female major income earners had higher rates of poverty at every level of education. For example, in 2003, the poverty rate for families where the major income earner had a high school diploma was 12.8 percent. Splitting the rate out by sex showed a poverty rate

of 25.7 percent for families with female major income earners. This was 3.7 times higher than the rate of 7 percent for families with a major income earner who was male.

The gap between male and female poverty rates is smaller for unattached individuals. For example, in 2003 the poverty rate for all unattached individuals with a high school diploma was 32.5 percent. The poverty rate for unattached women with this level of education was 40 percent, about 1.6 times higher than the rate of 25.4 percent for unattached men. One group of unattached women had lower poverty rates than men in 2002 and 2003. Female unattached individuals under 65 with bachelor's degrees had slightly lower poverty rates than their similarly educated male counterparts in both years.

The difference in poverty rates between families and unattached individuals at any given level of schooling is a strong indication that both education and family type are risk factors for poverty. An even stronger indication is found in Figure 3.12, which shows nine family types and two broad levels of education - less than high school and a high school graduate or more.

**Figure 3.12: Poverty Rates by Family Type and Level of Education, 2002 and 2003**



The bars in the figure are arranged according to the poverty rates for those without a high school diploma, with the highest rates at the left. Among those who had less than high school, single-parent mothers under 65 had the highest poverty rate of 71.5 percent in 2002, while unattached women under 65 had the highest rate of 68.7 percent in 2003. In both years, senior couples had the lowest rates of 4.9 percent in 2002 and 5.2 percent in 2003.

Among those who had a high school diploma or more, the highest poverty rate was 47.2 percent in 2002 and 44.4 percent in 2003 for single-parent mothers under 65. The lowest rate was found among senior couples at 4.3 percent in 2002 and 3.9 percent in 2003.

Each of the family types was better off with more education, but the fact remains that the poverty rates were invariably higher for unattached persons and single-parents and lower for couples - the same pattern of poverty as family type alone. Within each family type, those families with a female major income earner almost always had higher poverty rates than those with equally educated male major income earners.

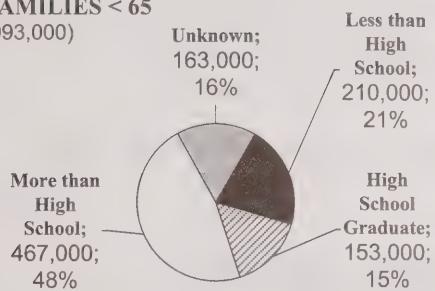
Figure 3.13 shows that nearly half of the poor unattached individuals under 65 and major income earners in poor families under 65 had more than a high school education. The pattern was entirely different for families and unattached persons 65 or older. In 2002, 50 percent of the major income earners in elderly families and 57 percent of the unattached seniors had less than a high school education. In 2003, the share was 47 percent for the elderly families while the share for the unattached seniors remained at 57 percent.

In general, elderly people tend to have lower levels of education than younger generations, so it is not surprising to see lower levels of education among poor elderly families and unattached individuals. For all family types, however, there were a significant number of cases where the level of education was not known.

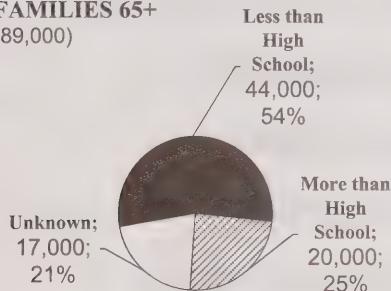
**Figure 3.13: Distribution of Poor Families and Unattached Individuals by Level of Education, 2002 and 2003**

2002

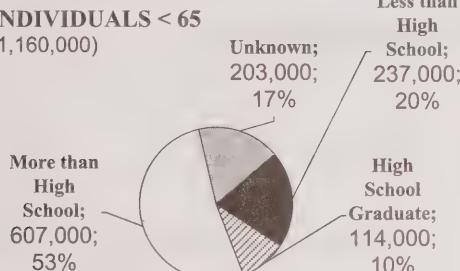
**FAMILIES < 65**  
(993,000)



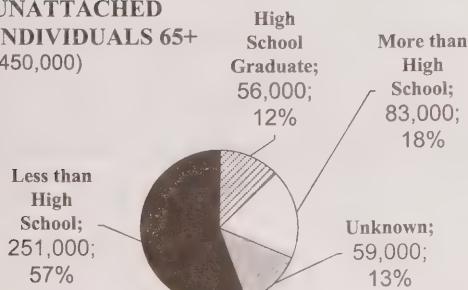
**FAMILIES 65+**  
(89,000)



**UNATTACHED INDIVIDUALS < 65**  
(1,160,000)

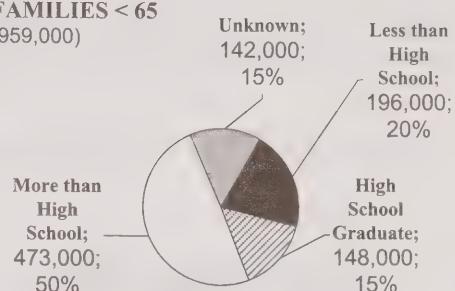


**UNATTACHED INDIVIDUALS 65+**  
(450,000)

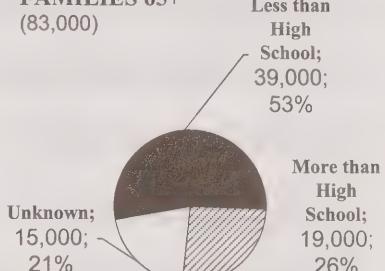


2003

**FAMILIES < 65**  
(959,000)

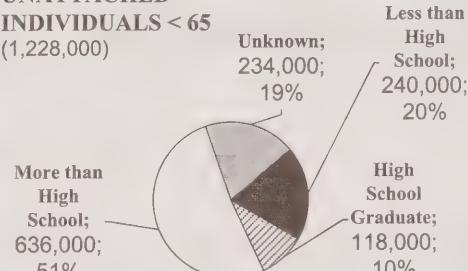


**FAMILIES 65+**  
(83,000)

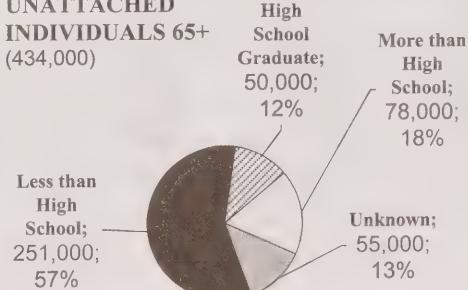


**Note:**  
For families 65+, sample size is too small to include category 'High School Graduate'.

**UNATTACHED INDIVIDUALS < 65**  
(1,228,000)



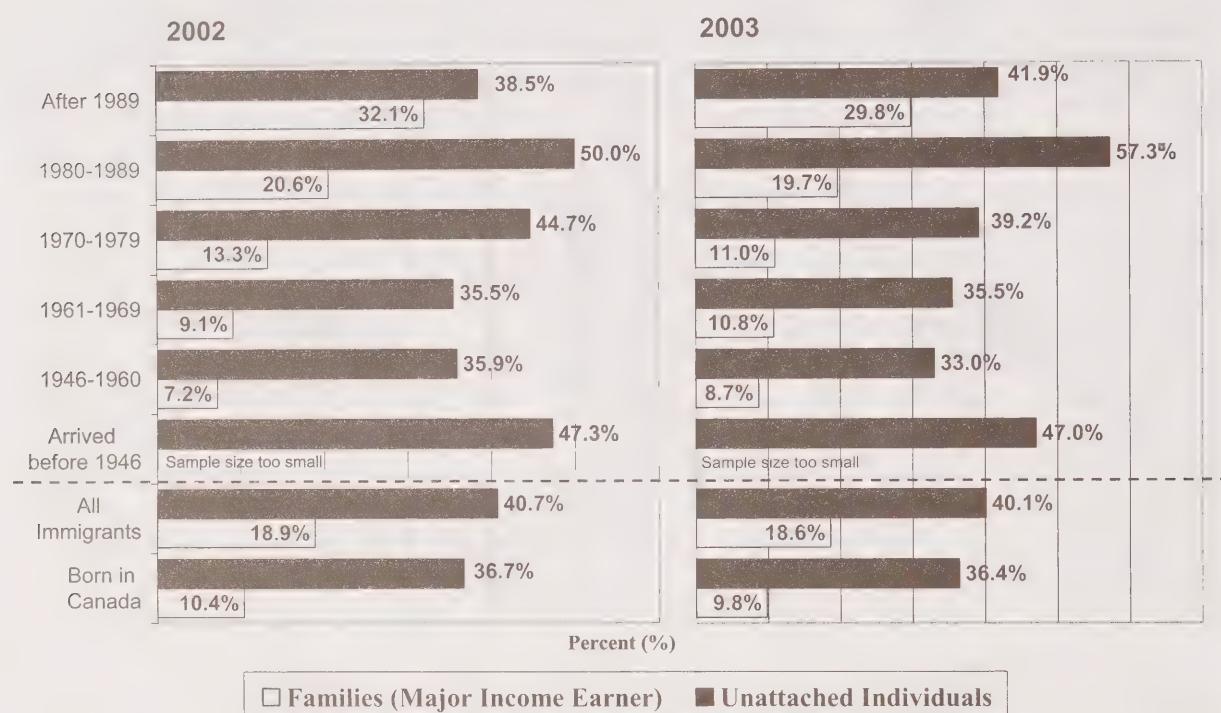
**UNATTACHED INDIVIDUALS 65+**  
(434,000)



## PERIOD OF IMMIGRATION

The conventional wisdom about poverty and immigration is that the highest poverty rates usually apply to recent immigrants who are still getting settled in Canada, and the lowest poverty rates are usually found among immigrants who have been in Canada the longest. These observations are partly reflected in the 2002 and 2003 poverty rates in Figure 3.14.

**Figure 3.14: Poverty Rates by Period of Immigration, 2002 and 2003**



Among families where the major income earner was an immigrant, poverty rates for 2002 ranged from 7.2 percent for people who arrived in Canada between 1946 and 1960 to 32.1 percent for people who arrived after 1989. For 2003 the range was similar, at 8.7 percent to 29.8 percent, respectively.

Among unattached individuals who were immigrants, poverty rates were higher than those for immigrant families. In 2002, poverty rates for unattached individuals ranged from 35.5 percent for those who had immigrated between 1961 and 1969 and 50 percent for those who arrived in Canada between 1980 and 1989. In 2003, poverty rates ranged from 33 percent for those who immigrated between 1946 to 1960 and 57.3 percent for those who arrived in Canada between 1980 and 1989.

Immigrants tend to have higher poverty rates than non-immigrants. The two bars on the bottom of the figure show a poverty rate of 18.9 percent in 2002 (18.6 percent in 2003) for all families where the major income earner was an immigrant. The much lower comparable rate was 10.4 percent in 2002 (9.8 percent in 2003) for families where the major income earner was born in Canada. For unattached individuals who were immigrants, the poverty rate was 40.7 percent in 2002 (40.1 percent in 2003). The poverty rate was slightly lower for unattached individuals who were born in Canada at 36.7 percent in 2002 (36.4 percent in 2003).

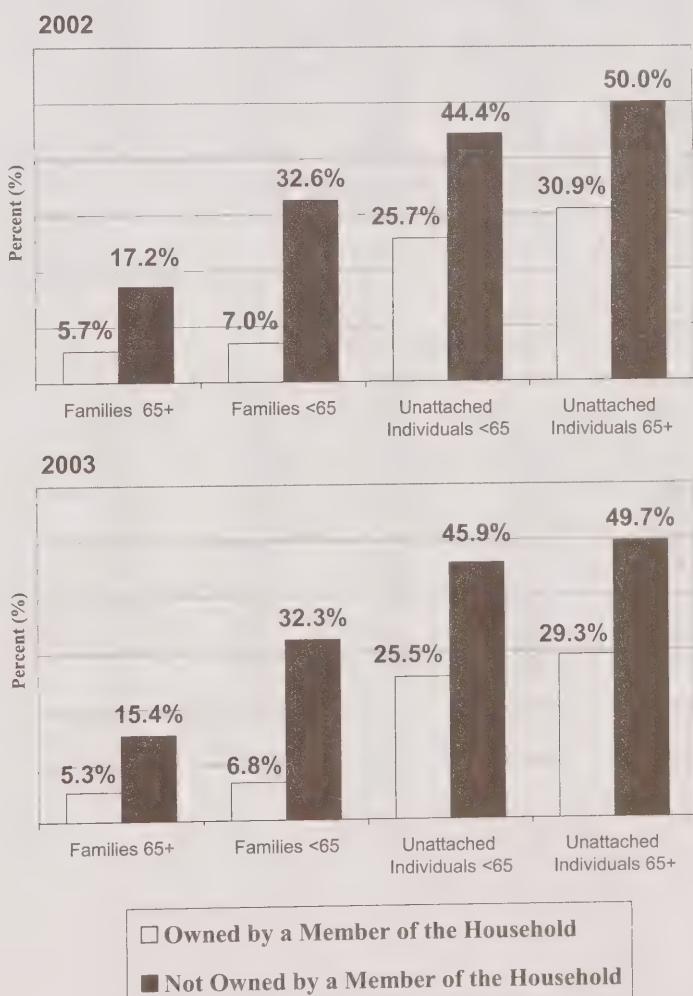
In terms of numbers, there were more poor families and unattached individuals who were not immigrants than were immigrants. In 2002, there were 640,000 poor families where the major income earner was born in Canada compared to 321,000 immigrant families. The comparable numbers in 2003 were 608,000 to 322,000. For poor unattached individuals in 2002, 1,213,000 were born in Canada while 224,000 were immigrants. The comparable numbers for 2003 were 1,232,000 to 208,000.

There was a small, but noticeable, number of poor families and unattached individuals whose immigration status was not known, ranging from 11 percent to 13 percent of poor families and individuals in 2002 and 2003.

## HOUSING STATUS

Poverty rates are lower for families and unattached individuals who own their own homes than they are for non-owners, or people who rent their accommodations from someone outside the household. Figure 3.15 shows the poverty rates for owners and non-owners in four groups: families under 65, families 65 and older, unattached individuals under 65, and unattached individuals 65 and older. Figure 3.16 shows the number of owners and non-owners in each group, plus others where the housing status was not known.

**Figure 3.15: Poverty Rates by Housing Status, 2002 and 2003**



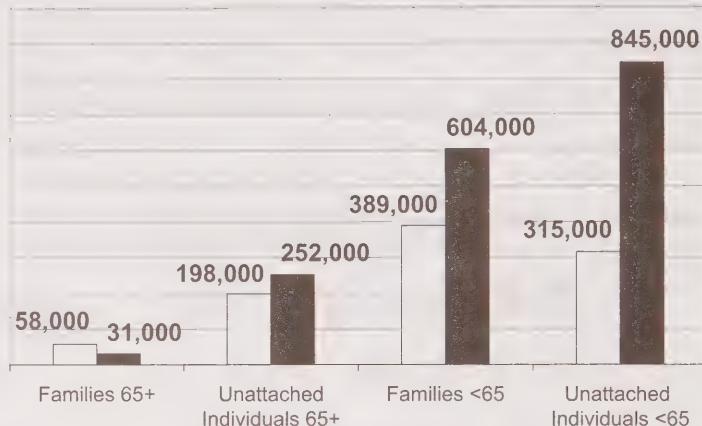
In all categories, the poverty rates for owners were lower than for non-owners, and the rates for families were lower than the rates for unattached individuals.

The statistics on the number of poor owners and non-owners are interesting. Poor seniors were more likely to own their homes than younger families. For example, 69 percent (57,000) of poor families 65 and older owned their homes in 2003. This was almost twice the rate of ownership than younger families. Only 40.3 percent (386,000) of poor families under 65 owned their homes in 2003. Similarly, 42.4 percent (184,000) of poor unattached seniors owned their homes in 2003 compared to only 26.2 percent (322,000) of unattached individuals under 65.

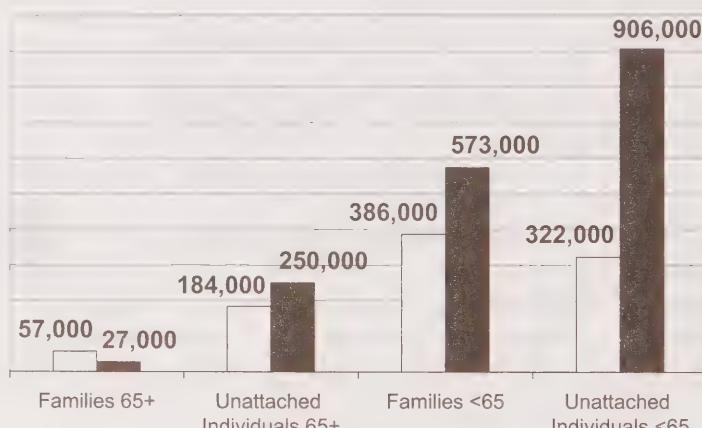
In its poverty reporting, Statistics Canada does not differentiate between homeowners with and without mortgages. Presumably, some of the younger homeowners and many of the older ones had paid off their mortgages.

**Figure 3.16: Number of Poor Families and Unattached Individuals by Housing Status, 2002 and 2003**

2002



2003



Owned by a Member of the Household  
 Not Owned by a Member of the Household

## AREA OF RESIDENCE

Figures 3.17 and 3.18 show poverty among families and unattached individuals by the size of their communities. Each of the five categories in the figures corresponds to a set of poverty lines based on the local population.

Poverty rates are higher in large metropolitan areas and lower in rural areas, but that is due in some part to the way the low income cut-offs are drawn. For example, an unattached person with an income of \$18,000 in 2003 would be below the poverty line for a city of 500,000 or more persons, but above the poverty lines for smaller cities and towns and rural areas of Canada.

Figure 3.18 shows the distribution of poor families and poor unattached individuals by the population of their areas of residence. In 2002, 633,000 poor families or 58 percent of all poor families lived in cities of half a million or more. A further 821,000 poor unattached individuals or 51 percent of all poor unattached individuals also lived in large cities. Likewise, in 2003, 584,000 poor families or 56 percent of all poor families lived in cities of half a million or more. Half, or 830,000, of all poor unattached individuals also lived in large cities.

**Figure 3.17: Poverty Rates by Size of Area of Residence, 2002 and 2003**

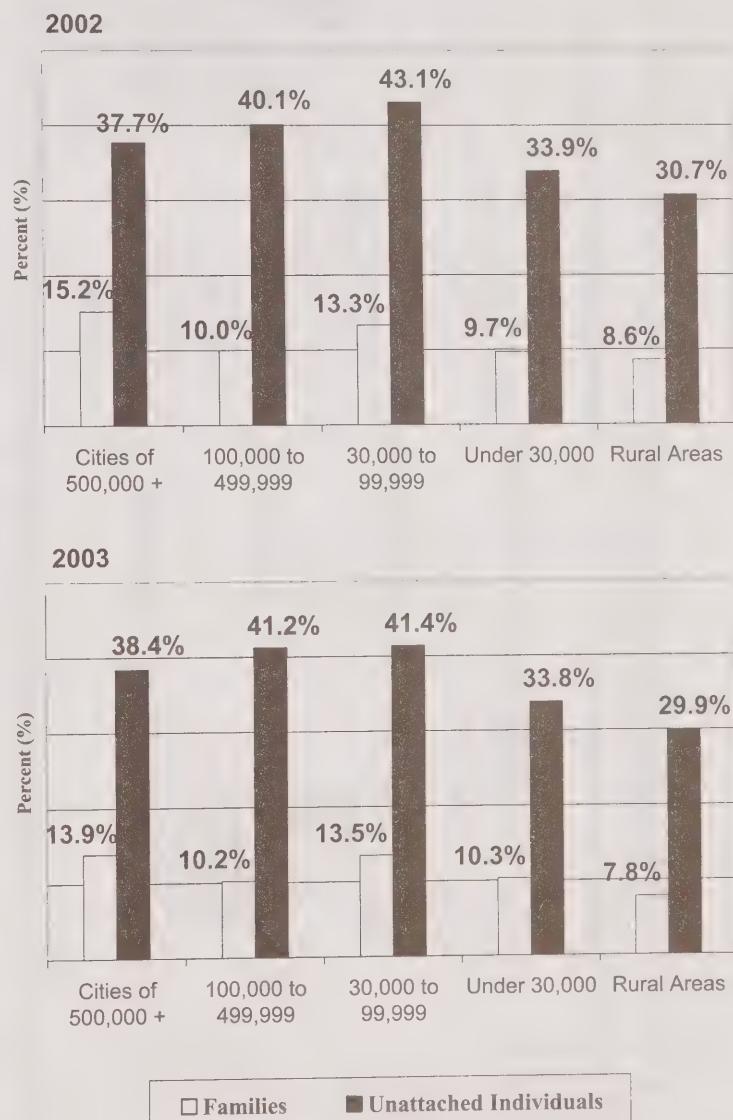
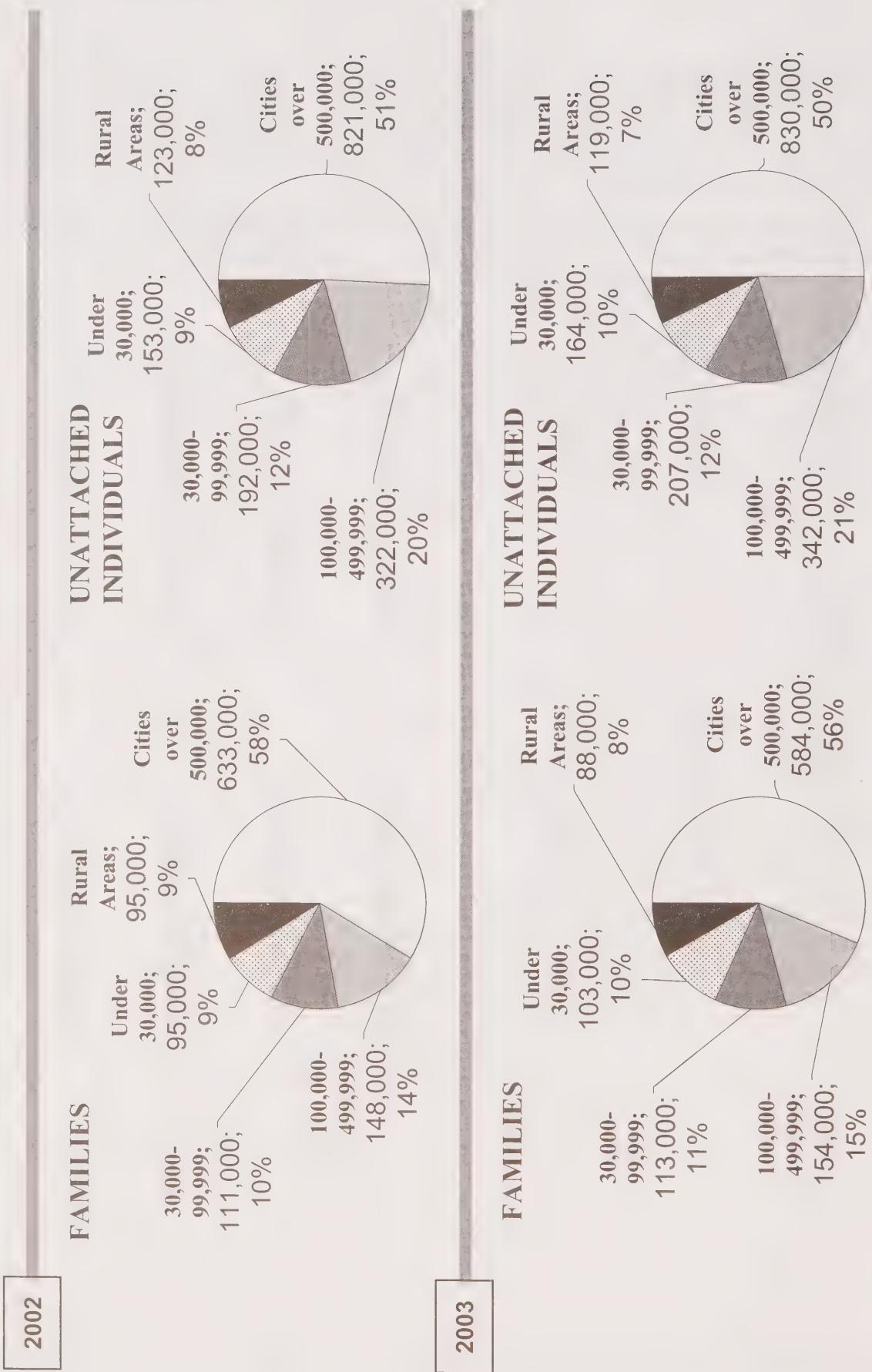


Figure 3.18: Distribution of Poor by Area of Residence, 2002 and 2003



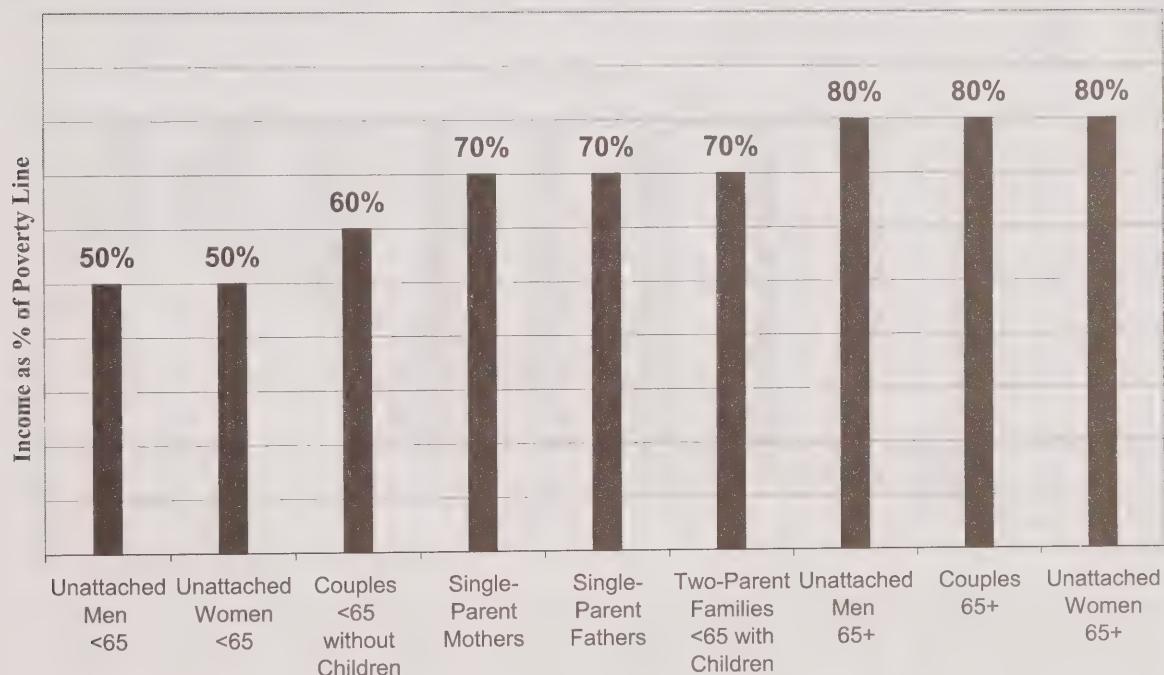
#### IV. DEPTH OF POVERTY

Poverty rates measure the percentage of the population that is poor, but they do not tell us whether poor people are living in abject poverty or a few dollars below the poverty line. Depth of poverty statistics provide that added insight.

Depth of poverty is measured by comparing the average incomes of poor families or poor unattached individuals with the poverty line. Sometimes the incomes are expressed as a percentage of the poverty line and sometimes simply as dollars below the poverty line. The dollar figures can be used to calculate the poverty gap, or the total amount of money it would take to bring every single poor person in Canada up to the poverty line.

Figure 4.1 shows depth of poverty as a percentage of the poverty line. The average incomes of the nine standard family types are ranked from the poorest type on the left to the least poor on the right.

**Figure 4.1: Depth of Poverty by Family Type, 2003**



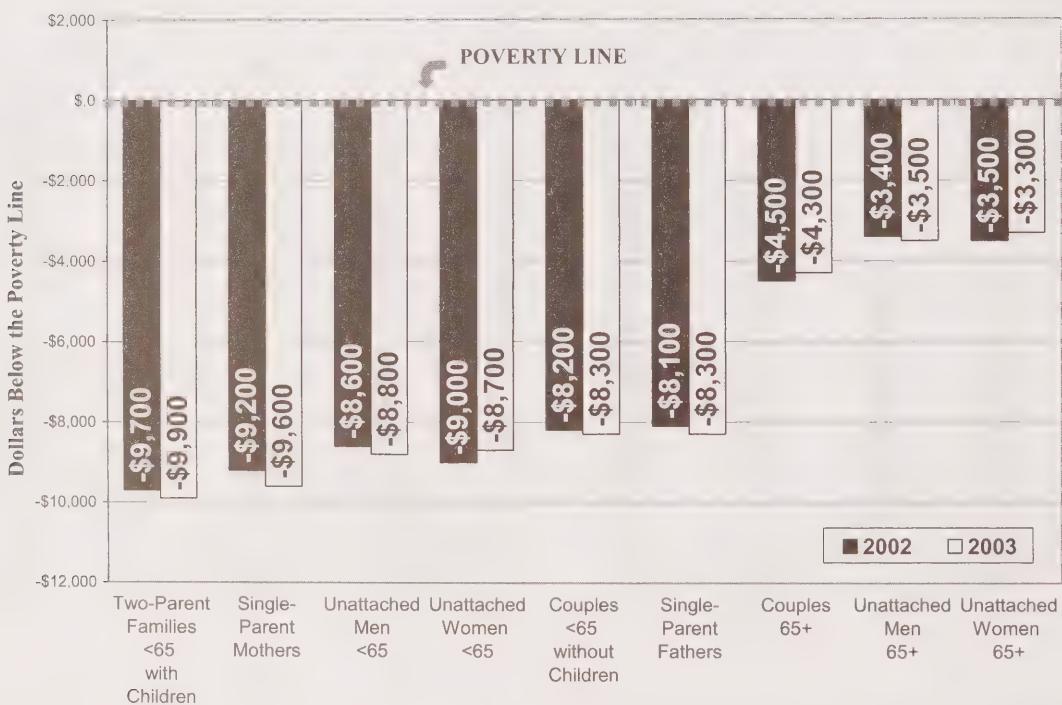
Unattached men and women under 65 were the poorest family types, with average incomes of only 50 percent of the poverty line. Next came the couples under 65 without children and the three family types with children. The three types of elderly families – senior couples and unattached men and women 65 and older - were the least poor at 80 percent of the poverty line.

The contrast between the poorest and least poor is striking and, to a certain degree, it is a function of the income supports provided by governments to younger and older Canadians. Unattached individuals and families under 65 may have to rely on welfare as a primary source of income, and welfare rates are notoriously low. Poor seniors are much more fortunate, because they typically receive the federal Old Age Security pension and Guaranteed Income Supplement and benefits from the Canada or Quebec Pension Plans. Although none of these programs by themselves will lift an unattached senior or senior couple out of poverty, they do provide a much higher level of income support than welfare.

Detailed information about sources of income for poor people appears later in this report.

The other way of expressing depth of poverty, dollars below the poverty line, is shown in Figure 4.2. The figure has the family types with the smallest depth of poverty at the right and the largest depth of poverty at the left based on their rank order in 2003. The order is slightly different than in Figure 4.1, in part because the needs of families of two or more persons are greater in dollar terms than the needs of unattached individuals in dollar terms.

**Figure 4.2: Average Depth of Poverty in Dollars, by Family Type, 2002 and 2003**



Two-parent families under 65 with children under 18 had the largest depth of poverty, an average of \$9,700 below the poverty line in 2002 and \$9,900 in 2003. Single-parent mothers under 65 were next at \$9,200 below the line in 2002 and \$9,600 below in 2003. Unattached women and men under 65 were also high on the list.

The three family types of seniors at the right of the figure were somewhat better off, although they were still thousands of dollars on average below the poverty line. Unattached men 65 and older had the smallest average depth of poverty in 2002 at \$3,400 while unattached women 65 and older did in 2003 at \$3,300.

Table 4.1 shows that between 2002 and 2003, six of the nine family types saw an increase in their depth of poverty after the figures were adjusted to factor out the effects of inflation. The depth of poverty for single-parent mothers rose from \$9,200 in 2002 to \$9,600 in 2003, the largest increase. Unattached women both over and under 65, as well as couples over 65 saw small decreases in their depth of poverty.

TABLE 4.1: DEPTH OF POVERTY, BY FAMILY TYPE  
IN CONSTANT 2003 DOLLARS, 2002 AND 2003

	2002	2003	Change
Two-Parent Families <65 with Children	\$9,700	\$9,900	\$200
Single-Parent Mothers <65	\$9,200	\$9,600	\$400
Unattached Men <65	\$8,600	\$8,800	\$200
Unattached Women <65	\$9,000	\$8,700	-\$300
Couples <65 without Children	\$8,200	\$8,300	\$100
Single-Parent Fathers <65	\$8,100	\$8,300	\$200
Couples 65+	\$4,500	\$4,300	-\$200
Unattached Men 65+	\$3,400	\$3,500	\$100
Unattached Women 65+	\$3,500	\$3,300	-\$200

Over the longer term, depth of poverty statistics move in very narrow ranges within any given family type. The largest depth of poverty for single-parent mothers under 65, for example, was \$11,900 in 1981, and the smallest was \$9,000 in 2001, a difference of only \$2,900 during the course of 20 years.

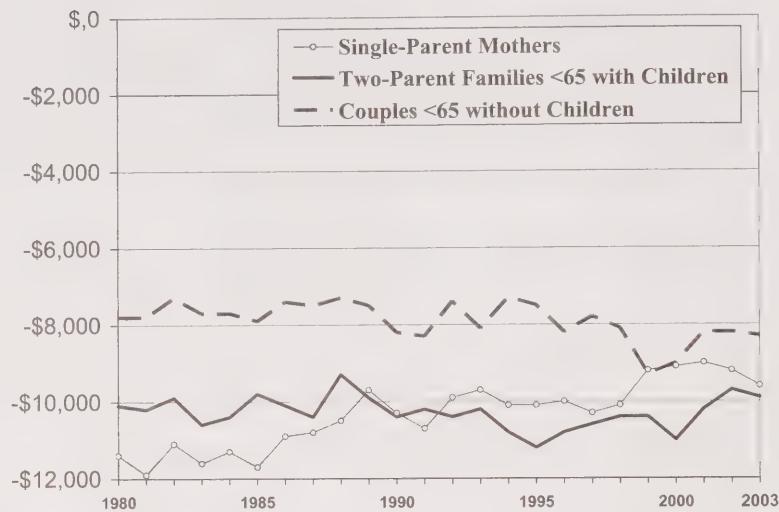
Figures 4.3 through 4.5 show depth of poverty between 1980 and 2003 for eight of the nine family types. Statistics for single-parent fathers are not shown because of the small sample sizes. Because the lines tend to be very close to each other, data labels were not included in these figures to avoid confusion. Instead, Table 4.3 at the end of the chapter provides the numerical data and shows depth of poverty as dollars below the poverty line, by family type, from 1980 to 2003.

All in all, the figures show very limited progress in fighting poverty in terms of the depth of poverty. The lines go up and down slightly from year to year, but few clear trends are evident.

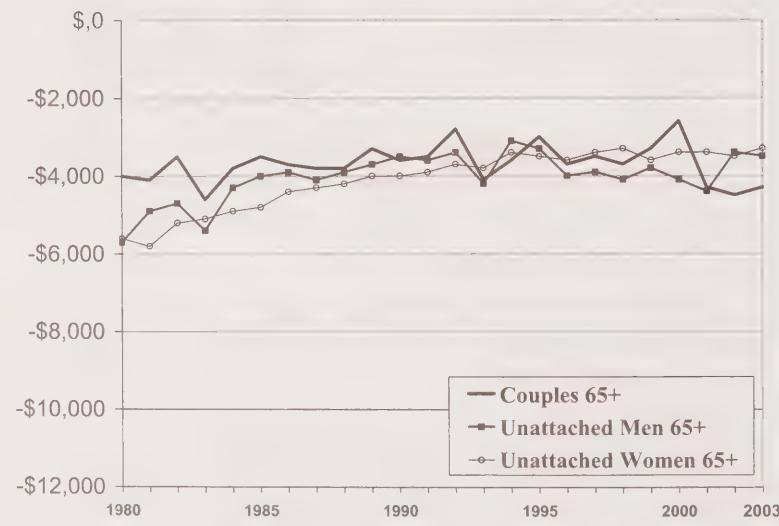
One modest improvement was seen by the poor single-parent mothers in Figure 4.3. Their average depth of poverty was often in excess of \$10,000 during the 1980s. The depth of poverty eased gradually over the years and improved to around \$9,000 between 1999 and 2002. However, depth of poverty deepened in 2003 to \$9,600. For other families under 65, couples under 65 without children wound up slightly worse off and the two-parent families with children wound up slightly better off in 2003 than they were in 1980.

One other modest improvement is found in the incomes of poor unattached senior women shown in Figure 4.4. Their average depth of poverty declined more or less steadily from the \$5,000 range in the early 1980s to the \$3,000 range in recent years. Unlike women, unattached senior men's average depth of poverty worsened in the late 1990s, although there have been some small improvements since 2001. Meanwhile, senior couples had a depth of poverty that was fairly flat in the \$3,000 to \$4,000 range over the years until the improvement in 2000 to \$2,600 and the sharp drop back to \$4,300 in 2001. Depth of poverty for these couples remained stuck around \$4,300 in both 2002 and 2003.

**Figure 4.3: Depth of Poverty in 2003 Constant Dollars, Families Under 65, 1980-2003**



**Figure 4.4: Depth of Poverty in 2003 Constant Dollars, Couples and Unattached Individuals 65 and Older, 1980-2003**



Unlike unattached senior women, unattached women under 65 were not so fortunate. After some ups and downs, they wound up in 2003 only slightly better off than they were 23 years earlier. Unattached men under 65 found themselves in exactly the same position in 2003 as they were in 1980.

Depth of poverty statistics in dollars below the poverty line make it possible to calculate Canada's total poverty gap, or the amount of money needed to raise each and every poor person above the poverty line in any given year.

In 2002, the poverty gap amounted to just over \$21.5 billion, inching up to \$21.6 billion by 2003. That is a large sum of money in actual dollars. However, it is also the equivalent of a small portion of the federal government's total spending of \$177 billion in the 2003-2004 fiscal year or a minuscule portion of Canada's gross domestic product of \$1.2 trillion in 2003.

Finding an extra \$21.6 billion to eliminate poverty outright is not an insurmountable goal, but it would no doubt require the combined efforts of the private sector as well as governments at all levels. Some of the extra income could come from more generous government income support programs, and some could come from higher earnings by poor people in the paid labour force if there were higher wage rates and more full-time jobs. For example, the poverty gap was equivalent to only 3.2 percent of the market income earned by all Canadians in 2003. In other words, a slightly better break for low-income workers could make a huge dent in the poverty statistics.

Table 4.2 breaks down the poverty gap by family type, with the largest gap at the top and the smallest at the bottom. Unattached men under 65 had the largest gap in 2003 at just over \$5.7 billion, followed closely by unattached women under 65 with a gap of \$5.1 billion. The smallest gap was \$203 million for single-parent fathers under 65. That relatively small amount is a function of the relatively small number of poor single-parent fathers in Canada.

**Figure 4.5: Depth of Poverty in 2003  
Constant Dollars, Unattached Individuals  
Under 65, 1980-2003**

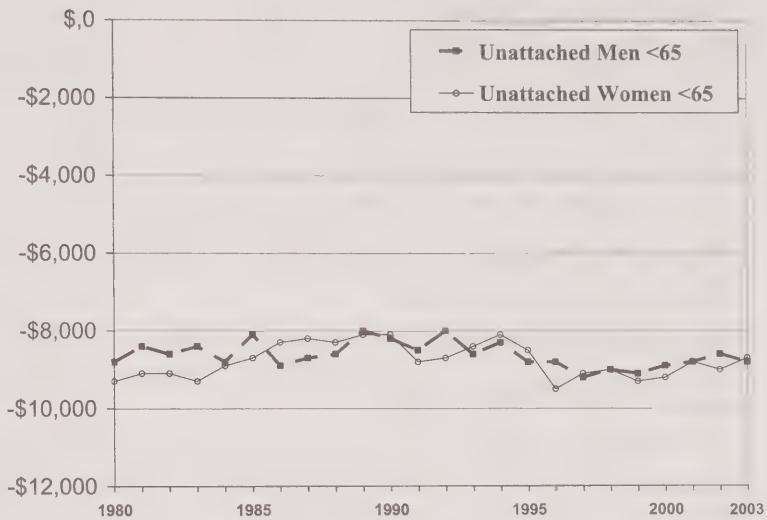


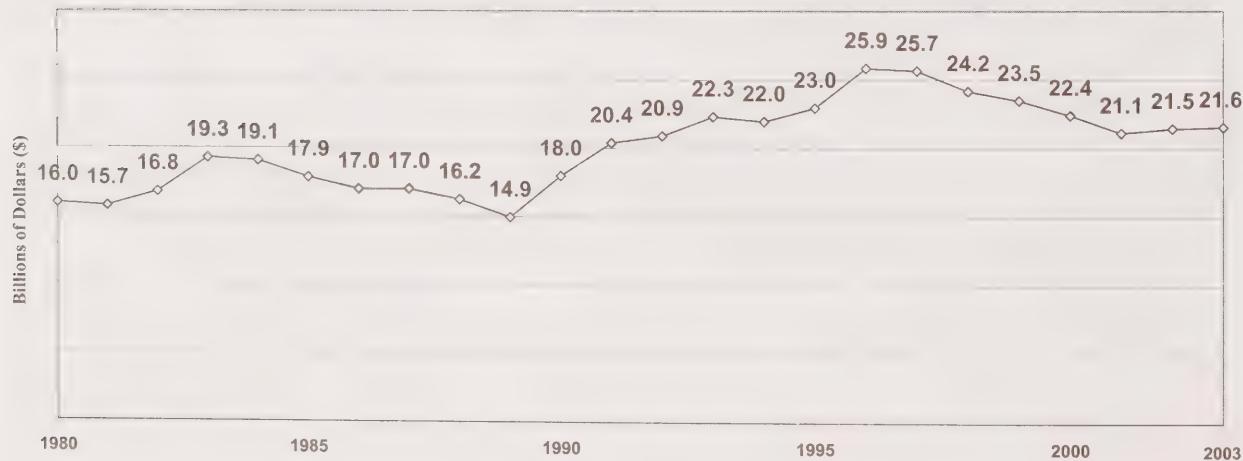
TABLE 4.2: TOTAL POVERTY GAP BY FAMILY TYPE, 2003

	Poverty Gap	Share of Total Gap
Unattached Men Under 65	\$5,683,000,000	26.4%
Unattached Women Under 65	\$5,077,000,000	23.6%
Two-Parent Families Under 65 with Children	\$2,928,000,000	13.6%
Single-Parent Mothers Under 65	\$2,535,000,000	11.8%
Couples Under 65 without Children	\$1,556,000,000	7.2%
Unattached Women 65 and Older	\$1,118,000,000	5.2%
Unattached Men 65 and Older	\$344,000,000	1.6%
Couples 65 and Older	\$222,000,000	1.0%
Single-Parent Fathers Under 65	\$203,000,000	0.9%
All Other Family Types	\$1,890,000,000	8.8%
<b>Total Poverty Gap</b>	<b>\$21,557,000,000</b>	<b>100.0%</b>

As in previous years, four of the family types accounted for most of the poverty gap: unattached men and women under 65, two-parent families under 65 with children, and single-parent mothers under 65. Their combined poverty gap in 2003 was \$16.2 billion or 75 percent of the total of \$21.6 billion.

Canada's total poverty gap, like so many other poverty statistics, tends to rise and fall with the overall health of the economy. Figure 4.6 shows how the gap peaked in 1983 after the recession of 1981-1982 and again in 1996.

Figure 4.6: Canada's Total Poverty Gap in Constant 2003 Dollars



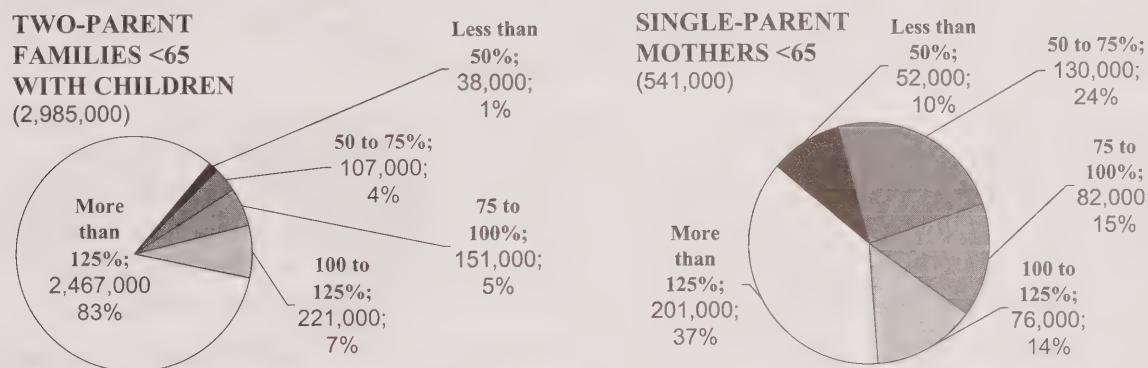
The gap rose slightly between 2002 and 2003 and is still billions of dollars higher than it was in 1989, the year before the last recession.

One variation on depth of poverty statistics allows us to look at the entire income spectrum rather than just poor people. Family types can be arranged into five distinct groups based on their incomes: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent of the line, 100 to 125 percent of the line, and 125 percent or more of the line. The results are presented in the pie charts in Figure 4.7 through Figure 4.10 for the year 2003.

The slices of the pies give a bird's eye view of the families and unattached individuals who are poor and the ones who are not poor. They also allow a quick look at family types who are relatively close to the poverty line - both those who are living just below the line and those living just above.

Perhaps the most interesting comparison is between two-parent families under 65 with children and single-parent mothers under 65 as shown in Figure 4.7.

**Figure 4.7: Income Distribution as Percentages of the Poverty Line, Families with Children, 2003**



The largest slice of the pie for the two-parent families on the left is the white slice that represents families with incomes of 125 percent of the poverty line or more - the group least at risk of poverty. The slice for families at 100 to 125 percent of the poverty line represents families which could fall into poverty with a loss or decline in their normal sources of income. The remaining three slices of the pie represent poor families at three different depths of poverty. The three slices combined were only about ten percent of the entire pie - more precisely 9.8 percent, the actual poverty rate for two-parent families with children in 2003.

The situation is much different for the single-parent mothers on the right. There are three large slices representing poor families and a fourth slice for families at risk of poverty in the income group at 100 to 125 percent of the poverty line. The white slice for single-parent mothers at 125 percent or more of the poverty line was only 37 percent of all families led by

single-parent mothers in 2003, roughly half the size of the white slice for two-parent families with children.

**Figure 4.8: Income Distribution as Percentages of the Poverty Line, Couples, 2003**

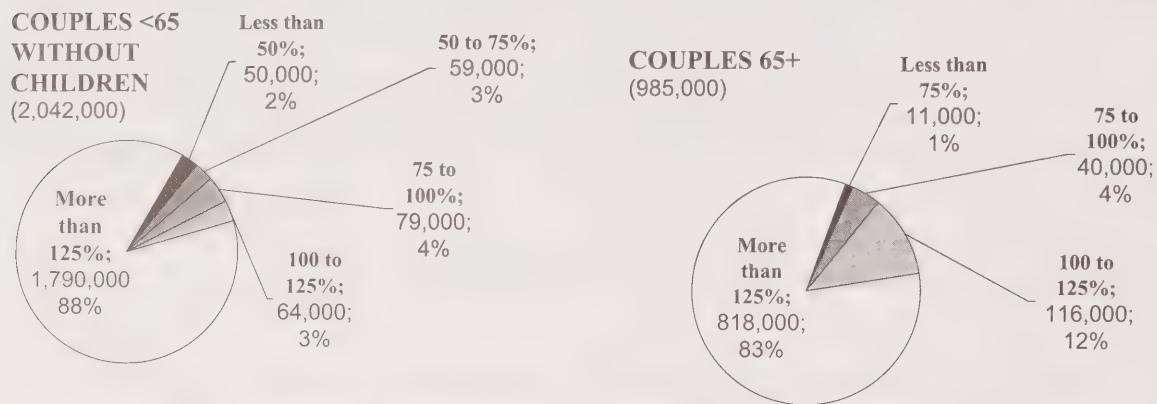
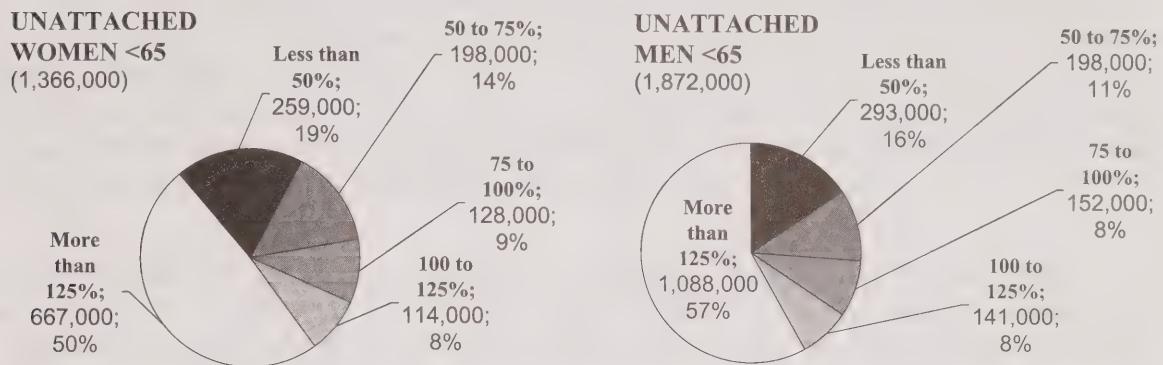


Figure 4.8 compares couples under 65 without children with couples 65 and older. The pie for the couples under 65 is much like the pie for the two-parent families in the previous figure - with small slices for poor families and families who were just above the poverty line and a huge white slice (88%) for families well above the poverty line.

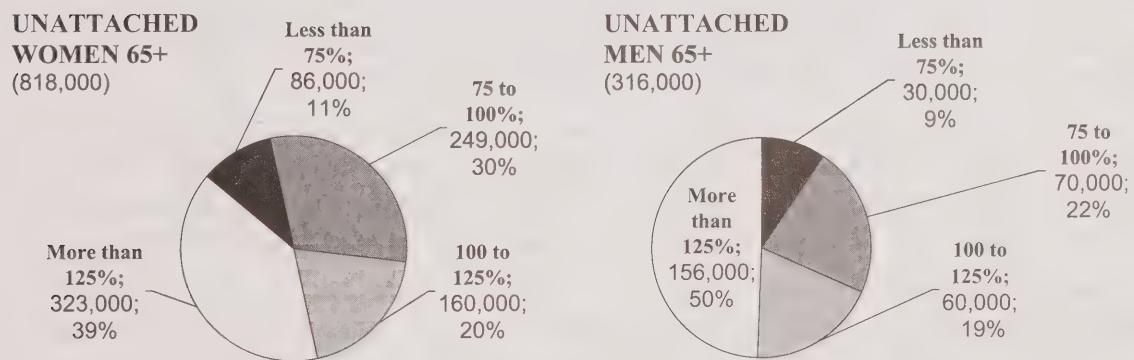
The pie for senior couples has two small slices for poor couples. The category less than 50 percent of the poverty line was so tiny that it had to be rolled into the next category and recast as less than 75 percent of the poverty line. Also noteworthy was the slice of the pie for senior couples with incomes between the poverty line and 125 percent of the line. This is the group most vulnerable to poverty in the event of a downward change in their family finances. The vast majority of senior couples (83%) were well above the poverty line in 2003.

The next two figures compare the income distributions of unattached women and men under and over 65. The poverty rates for all four family types were relatively high in 2003, and that is highlighted by the relatively small size of the white slices in the four pies. For example, Figure 4.9 shows that only 50 percent of unattached women under 65 and 57 percent of unattached men under 65 lived well above the poverty line in 2003. The pies for unattached women and men under 65 in Figure 4.9 also have relatively large slices representing people living on incomes of less than 50 percent of the poverty line. More specifically, 19 percent of unattached women under 65 and 16 percent of unattached men under 65 lived on incomes of less than 50 percent of the poverty line in 2003.

**Figure 4.9: Income Distribution as Percentages of the Poverty Line,  
Unattached Individuals Under 65, 2003**



**Figure 4.10: Income Distribution as Percentages of the Poverty Line,  
Unattached Individuals 65 and Older, 2003**



The two pies for unattached senior women and men in Figure 4.10 are notable because of the two slices in each pie that lie adjacent to the line representing 100 percent of the poverty line. There are large slices representing incomes of 75 to 100 percent of the poverty line and large slices of 100 to 125 percent of the poverty line. They represent a total of 539,000 seniors - mostly women - who were "getting by" but little more. Some lived just below the poverty line, and some lived just above, but they all had to watch their nickels and dimes. Depending on their current finances, they could easily cross the poverty line from time to time, either on the way up or the way down. This is in stark contrast to the data for senior couples, where most lived well above the poverty line.

The shifts back and forth across the poverty line from year to year can make a huge difference in the poverty rates and the number of poor people. To get an idea of how radical

the shifts might be, the National Council of Welfare recalculated the 2002 and 2003 poverty statistics to come up with hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all poor persons living between 75 and 100 percent of the poverty line somehow got enough additional income to put them over the poverty line. The poverty rate for unattached individuals under this scenario would plummet from the actual rate of 37.7 percent to 24.4 percent in 2002, and the number of poor unattached would fall dramatically from 1,610,000 to 1,041,000. The poverty rate for families would drop from 12.6 percent to 7.3 percent, and the number of poor families would drop from 1,082,000 to 624,000.

The same pattern repeats itself in 2003. In the best-case scenario, the poverty rate for unattached individuals would fall from 38 percent to 24.3 percent while the number of poor unattached would drop from 1,663,000 to 1,063,000. For families, the actual poverty rate of 12 percent would decline to 6.7 percent and the number of poor families would be almost cut in half from 1,043,000 to 577,000.

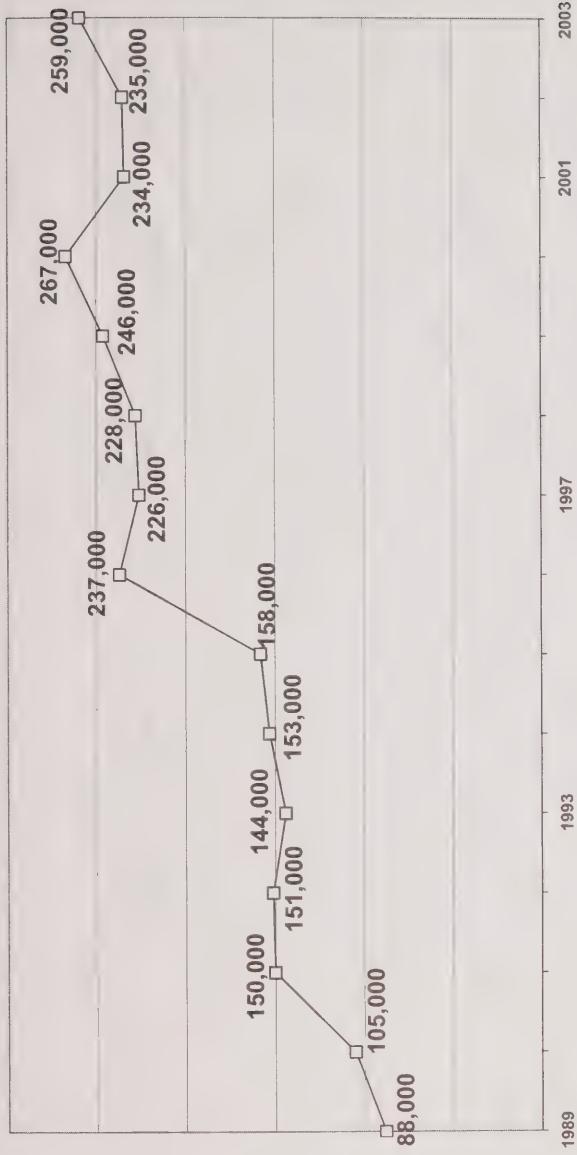
In the worst-case scenario, we assumed that all poor persons living between the poverty line and 125 percent of the poverty line lost enough income to put them below the line. The poverty rate for unattached individuals would rise from the actual rate of 37.7 percent in 2002 to 48.5 percent, and the number of poor unattached would climb from 1,610,000 to 2,075,000 persons. The poverty rate for families would rise from 12.6 percent to 19 percent, and the number of poor families would soar from 1,082,000 to 1,629,000.

In the worst-case scenario in 2003, the poverty rate of unattached individuals would rise from 38 percent to 48.9 percent, and the number of poor unattached would increase from 1,663,000 to 2,138,000. The poverty rate for families would rise from 12 percent to 19.1 percent, and the number of poor families would jump from 1,043,000 to 1,658,000.

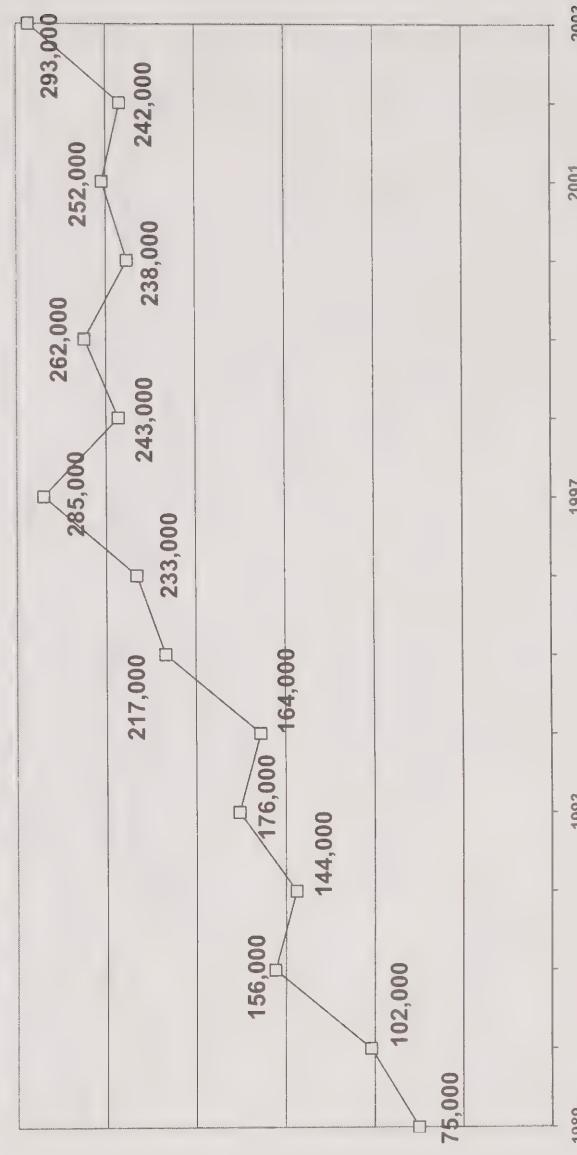
Last and certainly not least is the issue of families and unattached people who live in abject poverty. The National Council of Welfare has deep and abiding concerns about the relatively large number of poor people who live on incomes far below the poverty line.

Figures 4.11 through 4.15 show the number of families and unattached persons living on incomes of less than 50 percent of the poverty line from 1989 through 2003. The types of families examined were unattached men and women under 65, single-parent mothers, two-parent families and couples under 65 without children.

In 2002, the totals for the five family types under age 65 were 143,000 families and 477,000 unattached individuals. By 2003, the number of families decreased slightly to 140,000 while the number of unattached individuals had jumped to 552,000. There have been ups and downs within the five family types, but the numbers were two to three times higher in 2003 than they were in 1989 - another sign that continuing prosperity for the country as a whole has bypassed the poorest of the poor.

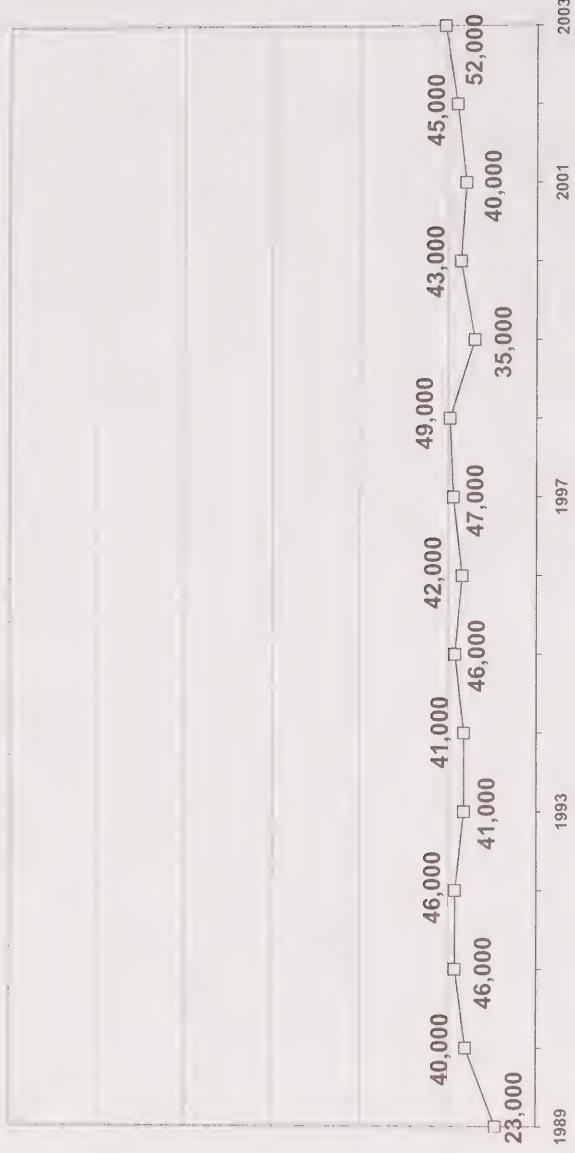


**Figure 4.11:**  
**Unattached Women**  
**Under 65**  
**Under**  
**50% of Poverty Line**

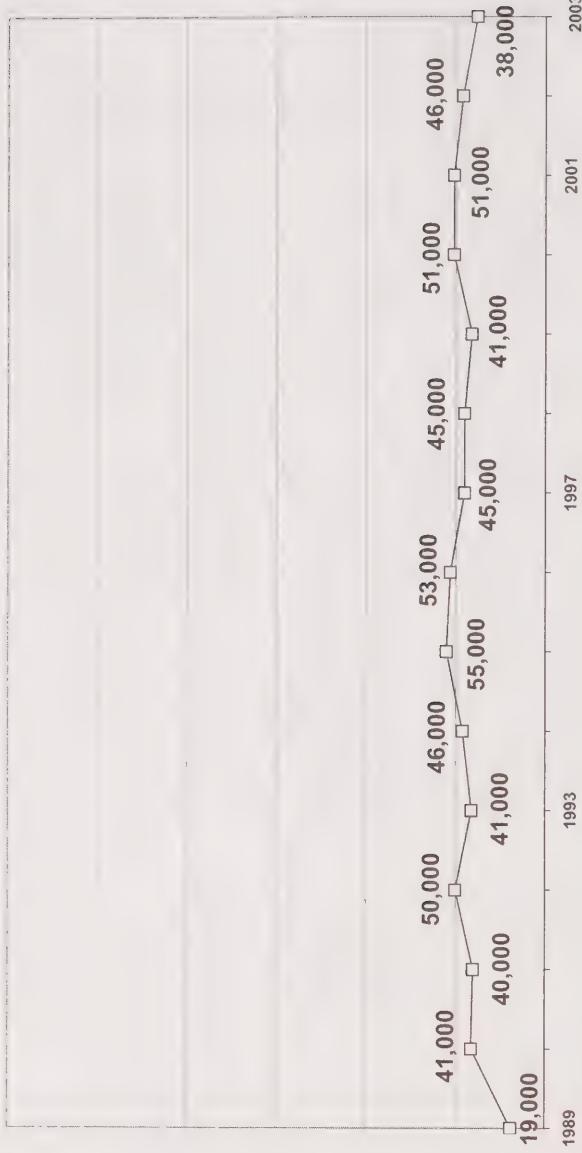


**Figure 4.12:**  
**Unattached Men**  
**Under 65**  
**Under**  
**50% of Poverty Line**

**Figure 4.13:**  
**Single-Parent Mothers**  
**Under**  
**50% of Poverty Line**



**Figure 4.14:**  
**Two-Parent Families**  
**Under 65**  
**with Children**  
**Under**  
**50% of Poverty Line**



**Figure 4.15:**  
**Couples Under 65**  
**without Children**  
**Under**  
**50% of Poverty Line**

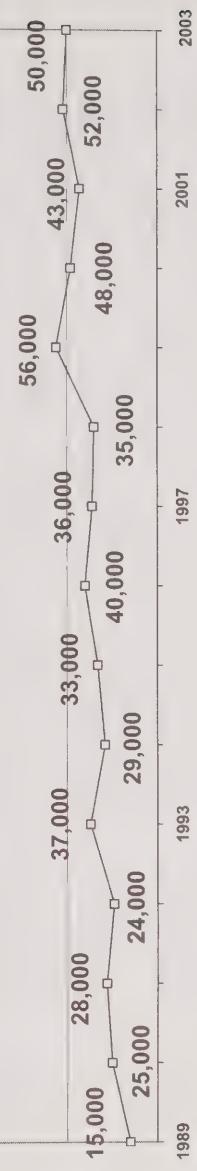


TABLE 4.3: DEPTH OF POVERTY IN 2003 CONSTANT DOLLARS, 1980-2003

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Two-Parent Families <65 with Children	-\$10,100	-\$10,200	-\$9,900	-\$10,600	-\$10,400	-\$9,800	-\$10,100	-\$10,400	-\$9,300	-\$9,900	-\$10,400	-\$10,200
Single-Parent Mothers <65	-\$11,400	-\$11,900	-\$11,100	-\$11,600	-\$11,300	-\$11,700	-\$10,900	-\$10,800	-\$10,500	-\$9,700	-\$10,300	-\$10,700
Unattached Men <65	-\$8,800	-\$8,400	-\$8,600	-\$8,400	-\$8,800	-\$8,100	-\$8,900	-\$8,700	-\$8,600	-\$8,000	-\$8,200	-\$8,500
Unattached Women <65	-\$9,300	-\$9,100	-\$9,100	-\$9,300	-\$8,900	-\$8,700	-\$8,300	-\$8,200	-\$8,300	-\$8,100	-\$8,100	-\$8,800
Couples <65 without Children	-\$7,800	-\$7,300	-\$7,700	-\$7,700	-\$7,900	-\$7,400	-\$7,500	-\$7,300	-\$7,500	-\$7,500	-\$8,200	-\$8,300
Single-Parent Fathers <65	-\$10,600	-\$8,400	-\$8,900	---	-\$10,900	-\$10,000	-\$8,600	-\$7,800	-\$11,100	-\$7,400	-\$8,400	-\$10,100
Couples 65+	-\$4,000	-\$4,100	-\$3,500	-\$4,600	-\$3,800	-\$3,500	-\$3,700	-\$3,800	-\$3,800	-\$3,300	-\$3,600	-\$3,500
Unattached Men 65+	-\$5,700	-\$4,900	-\$4,700	-\$5,400	-\$4,300	-\$4,000	-\$3,900	-\$4,100	-\$3,900	-\$3,700	-\$3,500	-\$3,600
Unattached Women 65+	-\$5,600	-\$5,800	-\$5,200	-\$5,100	-\$4,900	-\$4,800	-\$4,400	-\$4,300	-\$4,200	-\$4,000	-\$4,000	-\$3,900
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Two-Parent Families <65 with Children	-\$10,400	-\$10,200	-\$10,800	-\$11,200	-\$10,800	-\$10,600	-\$10,400	-\$10,400	-\$11,000	-\$10,200	-\$9,700	-\$9,900
Single-Parent Mothers <65	-\$9,900	-\$9,700	-\$10,100	-\$10,000	-\$10,300	-\$10,100	-\$9,200	-\$9,100	-\$9,000	-\$9,200	-\$9,600	-\$9,600
Unattached Men <65	-\$8,000	-\$8,600	-\$8,300	-\$8,800	-\$9,200	-\$9,000	-\$9,100	-\$9,000	-\$8,900	-\$8,800	-\$8,600	-\$8,800
Unattached Women <65	-\$8,700	-\$8,400	-\$8,100	-\$8,500	-\$9,500	-\$9,100	-\$9,000	-\$9,300	-\$9,200	-\$8,800	-\$9,000	-\$8,700
Couples <65 without Children	-\$7,400	-\$8,100	-\$7,300	-\$7,500	-\$8,200	-\$7,800	-\$8,100	-\$9,300	-\$9,000	-\$8,200	-\$8,200	-\$8,300
Single-Parent Fathers <65	-\$11,000	-\$8,200	-\$9,300	-\$7,700	-\$9,300	-\$10,200	-\$8,900	-\$12,300	-\$8,600	-\$7,800	-\$8,100	-\$8,300
Couples 65+	-\$2,800	-\$4,100	-\$3,600	-\$3,000	-\$3,700	-\$3,500	-\$3,700	-\$3,300	-\$2,600	-\$4,300	-\$4,500	-\$4,300
Unattached Men 65+	-\$3,400	-\$4,200	-\$3,100	-\$3,300	-\$4,000	-\$3,900	-\$4,100	-\$3,800	-\$4,100	-\$3,400	-\$3,400	-\$3,500
Unattached Women 65+	-\$3,700	-\$3,800	-\$3,400	-\$3,500	-\$3,600	-\$3,400	-\$3,300	-\$3,600	-\$3,400	-\$3,400	-\$3,500	-\$3,300

-- Sample size too small.

## V. PERSISTENCE OF POVERTY

The earlier chapters of *Poverty Profile* focused on the number of poor people in Canada, the poverty rates for different groups of Canadians, and the depth of poverty. This chapter adds one more very important dimension: the persistence or duration of poverty.

The Statistics Canada survey used to generate the annual poverty statistics, the Survey of Labour and Income Dynamics, also allows us to follow the same group of people for six consecutive years and to see how their incomes changed over time. The data from the survey tell us the persistence of poverty - the total number of years people lived in poverty during the six-year period - and transitions in and out of poverty from one year to the next.

The data on the persistence of poverty are more worrisome because they reveal that the risk of poverty is much higher than suggested by the poverty rates in any single year. Figure 5.1 gives the statistics from the six-year period that ended in 2001, the most recent data available.

Seventeen million Canadians or the 69.3 percent of the population shown in the white slice of the pie in Figure 5.1 managed to avoid poverty in all six years from 1996 through 2001. The other 7.6 million people or 30.7 percent of the population were poor for at least one year during the six. That was more than twice the annual poverty rate of 15.5 percent for all persons in 2001.

The darker slices of the pie provide further details about the persistence of poverty. About 2.1 million people or 8.4 percent of the population were poor for only one year. But nearly 1.5 million people or 5.9 percent were poor for all six years. That represents a substantial amount of privation, particularly since most poor people live on incomes many thousands of dollars below the poverty line.

Table 5.1 gives further details about the persistence of poverty by age group, and Table 5.2 does the same by level of education. Both tables give the estimated numbers of poor people and the distribution according to the number of years they spent living in poverty. Both tables also exclude persons whose status was not known in each of the six years. The total for all persons, for example, is 24,653,000 rather than the entire population of 30,321,000 in 2001.

**Figure 5.1: Persistence of Poverty  
All Persons, 1996-2001**

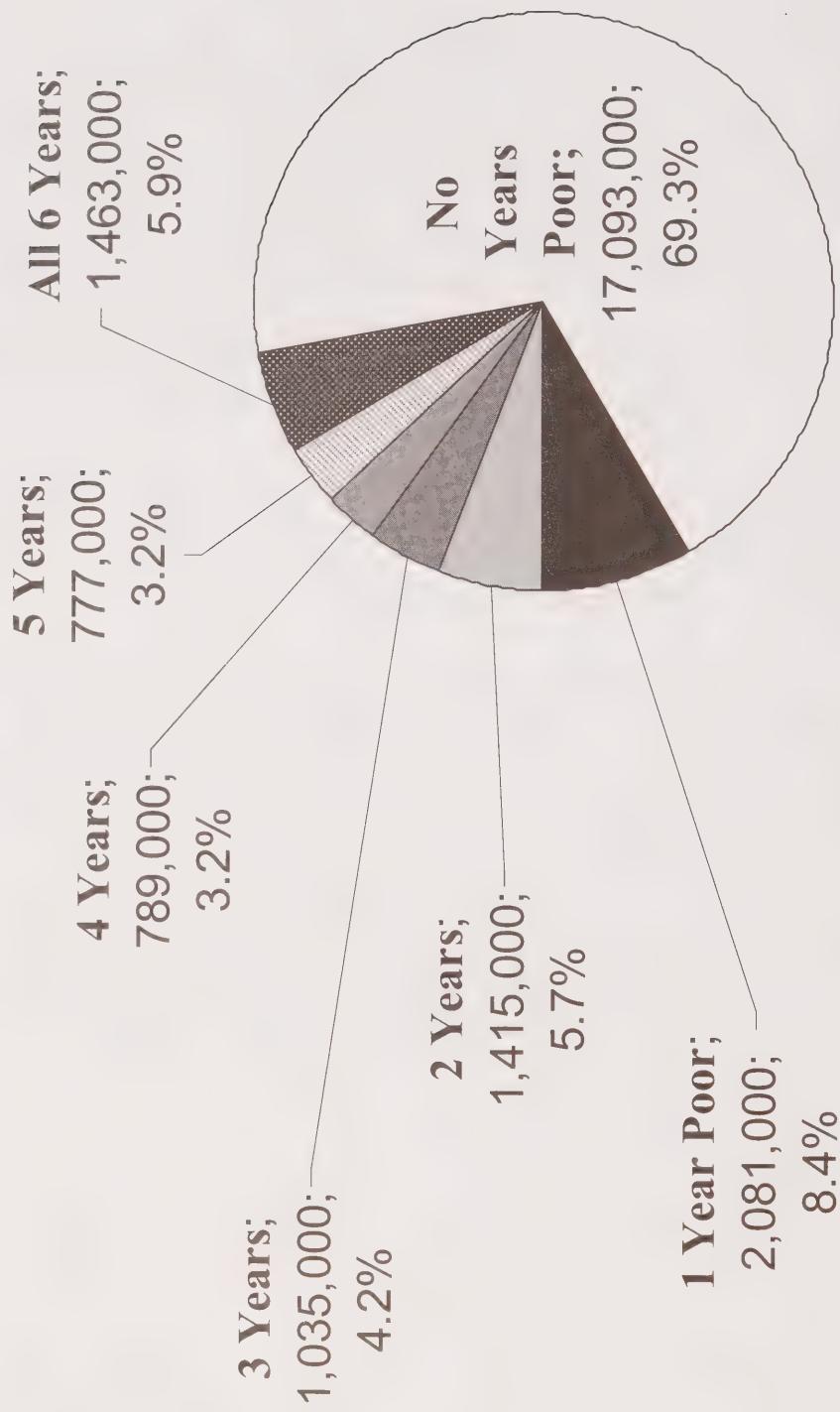


TABLE 5.1: PERSISTENCE OF POVERTY, NUMBER AND DISTRIBUTION BY AGE GROUP, 1996-2001

	1 Year Poor	2 Years Poor	3 Years Poor	4 Years Poor	5 Years Poor	All 6 Years Poor	At Least 1 Year Poor	No Poor Years	Total
NUMBER OF POOR PERSONS									
All Persons	2,081,000	1,415,000	1,035,000	789,000	777,000	1,463,000	7,560,000	17,093,000	24,653,000
Children <18	575,000	425,000	319,000	257,000	240,000	396,000	2,212,000	4,177,000	6,389,000
18-24	343,000	246,000	133,000	90,000	82,000	77,000	971,000	1,198,000	2,169,000
25-54	839,000	552,000	454,000	328,000	296,000	615,000	3,084,000	8,664,000	11,748,000
55-64	197,000	115,000	67,000	64,000	79,000	139,000	661,000	1,481,000	2,142,000
65+	128,000	77,000	61,000	51,000	81,000	236,000	634,000	1,573,000	2,207,000
PERCENTAGE DISTRIBUTION									
All Persons	8.4%	5.7%	4.2%	3.2%	3.2%	5.9%	30.7%	69.3%	100.0%
Children <18	9.0%	6.6%	5.0%	4.0%	3.8%	6.2%	34.6%	65.4%	100.0%
18-24	15.8%	11.3%	6.1%	4.1%	3.8%	3.6%	44.8%	55.2%	100.0%
25-54	7.1%	4.7%	3.9%	2.8%	2.5%	5.2%	26.3%	73.8%	100.0%
55-64	9.2%	5.4%	3.1%	3.0%	3.7%	6.5%	30.9%	69.2%	100.0%
65+	5.8%	3.5%	2.8%	2.3%	3.7%	10.7%	28.7%	71.3%	100.0%

Use estimates in italics with caution (please refer to Appendix A for more information).

TABLE 5.2: PERSISTENCE OF POVERTY, NUMBER AND DISTRIBUTION BY LEVEL OF EDUCATION, 1996-2001

	1 Year Poor	2 Years Poor	3 Years Poor	4 Years Poor	5 Years Poor	All 6 Years Poor	At Least 1 Year Poor	No Poor Years	Total
NUMBER OF POOR PERSONS									
All Persons	2,081,000	1,415,000	1,035,000	789,000	777,000	1,463,000	7,560,000	17,093,000	24,653,000
Less than High School	931,000	689,000	530,000	408,000	428,000	941,000	3,927,000	6,703,000	10,630,000
High School Graduate	239,000	169,000	110,000	78,000	70,000	163,000	829,000	2,327,000	3,156,000
Some Post-Secondary	242,000	213,000	144,000	106,000	87,000	106,000	898,000	1,662,000	2,560,000
Post-Secondary Certificate	397,000	193,000	164,000	126,000	114,000	152,000	1,146,000	3,801,000	4,947,000
University Degree	174,000	65,000	56,000	30,000	35,000	42,000	402,000	1,999,000	2,401,000
Less Than High School (Adj.)	356,000	264,000	211,000	151,000	188,000	545,000	1,715,000	2,526,000	4,241,000
PERCENTAGE DISTRIBUTION									
All Persons	8.4%	5.7%	4.2%	3.2%	3.2%	5.9%	30.7%	69.3%	100.0%
Less than High School	8.8%	6.5%	5.0%	3.8%	4.0%	8.9%	36.9%	63.1%	100.0%
High School Graduate	7.6%	5.3%	3.5%	2.5%	2.2%	5.2%	26.3%	73.7%	100.0%
Some Post-Secondary	9.5%	8.3%	5.6%	4.1%	3.4%	4.1%	35.1%	64.9%	100.0%
Post-Secondary Certificate	8.0%	3.9%	3.3%	2.5%	2.3%	3.1%	23.2%	76.8%	100.0%
University Degree	7.3%	2.7%	2.3%	1.2%	1.5%	1.8%	16.7%	83.2%	100.0%
Less Than High School (Adj.)	8.4%	6.2%	5.0%	3.6%	4.4%	12.9%	40.4%	59.6%	100.0%

Use estimates in italics with caution (please refer to Appendix A for more information).

Each of the age groups shown in Table 5.1 is a story in its own right. The number of children who were poor at least one year from 1996 through 2001 added up to 2,212,000 or one of every three children. That is a disconcerting statistic, given the mountain of research in Canada and around the world that shows poverty in childhood can have serious repercussions that last a lifetime. Even more chilling is the revelation that 396,000 children were poor all six years. For younger children, that amounts to an entire early childhood in poverty.

Young people 18 through 24 have very high poverty rates in any single year, as we saw earlier in the report, and they also had a much higher than average risk of poverty in the six-year period: 44.8%, or 971,000, were poor at least one year. However, most of the poverty was fairly short-lived. Some 343,000 were poor only one year and another 246,000 were poor only two years.

The age group 25 through 54 tends to have relatively low poverty rates in any given year and also a lower than average risk of poverty over six years. Rates were slightly higher in the group 55 through 64.

The group 65 and older is notable because some 236,000 seniors or 10.7 percent of seniors were poor all six years. This is not surprising because seniors tend to live on fixed and fairly stable incomes after they retire. For the very same reason, the figure probably understates the persistence of poverty among seniors. If the Statistics Canada survey had followed people for ten years rather than six years, it might have found a relatively large number of seniors who had been poor all ten years.

Table 5.2 on levels of education shows the same patterns we saw earlier in annual poverty statistics by level of education. Generally, the higher the level of education, the lower the risk of poverty - whether in any single year or during the entire six-year period.

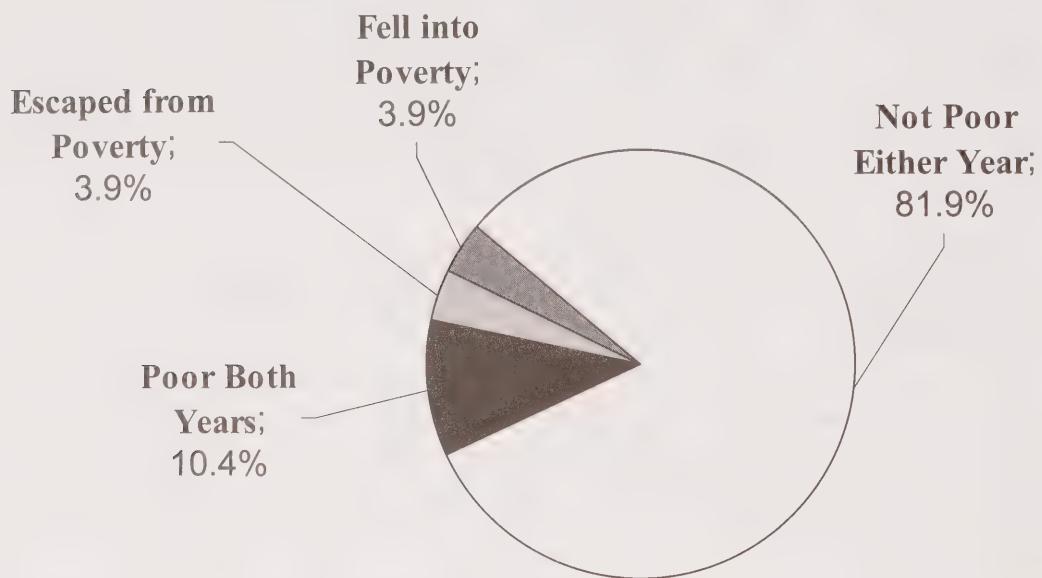
The lowest risk of poverty was among people with university degrees. Only 16.7 percent of the group lived in poverty at least one year, and many of them were poor only that one year.

The highest risk of poverty was in the group that did not finish high school, but the published data include all children under 18, many of whom would not have finished high school under any circumstances. The National Council of Welfare did a rough recalculation using the data available by subtracting all persons under 18 from the "less than high school" group. The revised figures appear in the rows labeled "less than high school (adjusted)."

The adjusted figures show that 1.7 million persons or 40.4 percent of the people who did not finish high school were poor at least one year, and 545,000 or 12.9 percent were poor all six years.

The second series of data from the Survey of Labour and Income Dynamics sheds some light on the dynamics of poverty, the way people move in and out of poverty. All the data are reported in two-year rather than six-year segments. Figure 5.2 shows transitions from 2002 to 2003 for all persons.

**Figure 5.2: Transitions In and Out of Poverty  
All Persons, 2002 to 2003**



The large white slice of the pie represents the 81.9 percent of the population that was above the poverty line both years, and the black slice of the pie represents the 10.4 percent of the population that was poor both years. The two remaining slices represent people who changed status from 2002 to 2003. One is for the 3.9 percent who were poor in 2002 but not poor in 2003, and the other is for the 3.9 percent who were not poor in 2002 but poor in 2003.

Because the percentage of people rising out of poverty was the same as the percentage of people falling into poverty, the overall poverty rate barely changed between 2002 and 2003. In other words, changes in the poverty rates from year to year are largely a function of small movements back and forth across the poverty line. Most of the people who are poor remain poor in the short term, and most of the people who are not poor remain not poor.

The same basic pattern holds true for all the transitions reported by Statistics Canada, but there were some interesting variations on the overall theme for different age groups and levels of education. Table 5.3 gives the details.

TABLE 5.3: TRANSITIONS IN AND OUT OF POVERTY, 2002 TO 2003

	Not Poor Either Year	Poor Both Years	From Poor to Non-Poor	From Non-Poor to Poor	% That Changed Either Way
AGE GROUPS					
All Persons	81.9%	10.4%	3.9%	3.9%	7.8%
Under 18	79.9%	12.2%	3.6%	4.3%	7.9%
18-24	75.1%	12.5%	7.1%	5.3%	12.4%
25-54	84.6%	8.7%	3.3%	3.4%	6.7%
55-64	81.4%	10.8%	4.3%	3.5%	7.8%
65 and Older	81.0%	11.0%	3.6%	4.4%	8.0%
LEVEL OF EDUCATION					
Less than High School (Adjusted)	71.6%	14.7%	4.9%	4.3%	9.2%
High School Graduate	83.6%	9.2%	4.1%	3.1%	7.2%
Some Post-Secondary	78.3%	11.9%	5.1%	4.7%	9.8%
Post-Secondary Certificate	86.5%	7.2%	3.0%	3.3%	6.3%
University Degree	90.5%	4.6%	2.8%	2.0%	4.8%

The top half of the table gives the distribution for all persons - the same as in Figure 5.2 - and the breakdowns by age group. The first four of the five columns in each row show the percentage of persons who changed status or stayed the same between 2002 and 2003. The numbers in these four columns add up to 100 percent. The fifth column on the far right is the total of the groups that changed, either moving into poverty or moving out of poverty from one year to the next.

The one age group that stands apart from the rest is people 18 through 24, the group that has a very high poverty rate in any given year, but often tends to be poor for only one or two years at a time. The table shows 75.1 percent out of poverty both years, 12.5 percent poor both years, 7.1 percent escaping poverty and 5.3 percent falling into poverty. The combined

figure of 12.4 percent in the far right column shows the relatively high movement in or out of poverty during the two-year period.

The statistics on level of education in the bottom half of the table confirm earlier findings about the links between education and poverty. As the level of education rises, the percentage of people out of poverty both years generally rises, and the percentage of people in poverty both years falls. The category “less than high school” has been adjusted by subtracting all persons under 18 as described earlier for Table 5.2.

The group with university degrees is the most interesting because of the clarity of the numbers. People with university degrees had a very high chance of avoiding poverty, a very low chance of being in poverty, and also a very low chance of changing status from one year to the next - only 4.8 percent. In an ideal world, that would be the pattern for all Canadians - not just the pattern for people who are well educated.

## VI. POOR CANADIANS AND THEIR SOURCES OF INCOME

The incomes of poor people are often thousands of dollars below the poverty line, and they are often tens of thousands of dollars below the incomes of the rest of the population.

Table 6.1 compares the average incomes of poor people by family type with the average incomes of non-poor people. The table is organized with the poor family type with the lowest income in dollars at the top and the poor family type with the highest income at the bottom. The column at the far right shows the average incomes of poor people as a percentage of the incomes of non-poor people.

TABLE 6.1: AVERAGE BEFORE-TAX INCOMES OF POOR AND NON-POOR FAMILIES AND UNATTACHED INDIVIDUALS, 2002 AND 2003

Family Type	Incomes of Poor	Incomes of Non-Poor	Poor Income as % of Non-Poor
<b>2002</b>			
Unattached Women Under 65	\$8,928	\$43,417	21%
Unattached Men Under 65	\$9,512	\$45,968	21%
Couples Under 65 without Children	\$13,300	\$79,890	17%
Unattached Women 65 and Older	\$14,906	\$32,246	46%
Unattached Men 65 and Older	\$15,089	\$34,789	43%
Single-Parent Fathers Under 65	\$17,632	\$59,617	30%
Single-Parent Mothers Under 65	\$18,465	\$47,412	39%
Couples 65 and Older	\$18,688	\$50,328	37%
Two-Parent Families Under 65 with Children	\$25,467	\$91,443	28%
<b>2003</b>			
Unattached Women Under 65	\$9,335	\$45,651	20%
Unattached Men Under 65	\$9,436	\$47,624	20%
Couples Under 65 without Children	\$13,635	\$76,734	18%
Unattached Men 65 and Older	\$14,824	\$36,481	41%
Unattached Women 65 and Older	\$15,014	\$31,632	47%
Single-Parent Mothers Under 65	\$18,040	\$46,350	39%
Single-Parent Fathers Under 65	\$18,304	\$63,734	29%
Couples 65 and Older	\$18,641	\$50,956	37%
Two-Parent Families Under 65 with Children	\$25,874	\$91,920	28%

In all cases, the average incomes of the poor were worlds away from the average incomes of the non-poor. The divide was the largest for poor couples under 65 without children. They had only 17 percent of the incomes of non-poor couples without children in 2002 and 18 percent in 2003. Poor unattached women 65 and older were closest to their non-poor counterparts. They had 46 percent of the incomes of non-poor unattached senior women in 2002 and 47 percent in 2003.

The more detailed comparisons between the poor and non-poor family types are intriguing. The incomes of the poor were all low, of course, but poor families tended to fare better than poor unattached individuals. Sometimes families had more than one earner, and sometimes they received government benefits such as pensions or welfare that took into account the number of persons in the family unit. Among unattached individuals, seniors were much better off than the unattached under 65.

The patterns were somewhat different for non-poor family types. Families were still better off than unattached individuals. However, contrary to the data for the poor, non-poor unattached individuals under 65 fared better than unattached seniors. Among families, non-poor couples under 65 without children were one of the best-off families, compared to being the worst-off among poor families. Two-parent families had the highest income, just as they did among poor families. The average income of non-poor two-parent families was \$91,443 in 2002 and \$91,920 in 2003—3.5 times the average income of poor two-parent families.

Obviously, many poor Canadians rely upon government programs of one kind or another as an important source of income. Some of the amounts provided by governments are surprisingly small. Other government programs, notably programs for seniors, provide larger sums and a very large portion of total income.

Table 6.2 shows the average amount of transfer payments, or benefits from government programs, that poor people received in 2002 and 2003. Transfer payments cover a wide range of programs financed by the federal or provincial governments, including welfare, federal and provincial benefits for families with children, the Old Age Security pension and Guaranteed Income Supplement for seniors, the GST/HST credit and provincial tax credits. They also include Employment Insurance and the Canada and Quebec Pension Plans. These last three programs are run by government, but the money comes from contributions by workers and employers, not from general government revenues.

The table is arranged with the smallest transfer payments at the top and the largest at the bottom.

Average transfer payments by family type appear in the first column and average income from all sources in the second column. The final column gives the percentage of total income that comes from transfers.

Poor unattached women under 65 got the least support from government, with average transfer payments totalling \$3,977 in 2002 and \$3,791 in 2003. This worked out to 45 percent of their average income from all sources in 2002 and 41 percent in 2003.

TABLE 6.2: TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE,  
2002 AND 2003

Family Type	Average Transfer Payments	Average Income from All Sources	% of Total Income from Transfers
<b>2002</b>			
Unattached Women Under 65	\$3,977	\$8,928	45%
Unattached Men Under 65	\$4,059	\$9,512	43%
Couples Under 65 without Children	\$6,084	\$13,300	46%
Single-Parent Fathers Under 65	\$9,914	\$17,632	56%
Two-Parent Families Under 65 with Children	\$10,442	\$25,467	41%
Single-Parent Mothers Under 65	\$11,398	\$18,465	62%
Unattached Women 65 and Older	\$13,415	\$14,906	90%
Unattached Men 65 and Older	\$13,632	\$15,089	90%
Couples 65 and Older	\$16,896	\$18,688	90%
<b>2003</b>			
Unattached Women Under 65	\$3,791	\$9,335	41%
Unattached Men Under 65	\$4,055	\$9,436	43%
Couples Under 65 without Children	\$6,239	\$13,635	46%
Single-Parent Fathers Under 65	\$9,220	\$18,304	50%
Two-Parent Families Under 65 with Children	\$11,050	\$25,874	43%
Single-Parent Mothers Under 65	\$11,204	\$18,040	62%
Unattached Women 65 and Older	\$13,492	\$15,014	90%
Unattached Men 65 and Older	\$13,613	\$14,824	92%
Couples 65 and Older	\$17,411	\$18,641	93%

Single-parent mothers got the greatest support from government of any family type under 65, with average transfers of \$11,398 in 2002 and \$11,204 in 2003. The transfers made up 62 percent of single-parent mothers' total income in both 2002 and 2003.

The three family types of poor seniors received the greatest support of all, with around 90 percent of their incomes coming from government programs of one kind or another. This money includes payments from the Canada and Quebec Pension Plans.

The next part of the chapter examines in more detail the sources of income of poor seniors and poor people under 65.

## DETAILED SOURCES OF INCOME FOR POOR SENIORS

Poor seniors, as we just saw, rely heavily on a variety of government-run programs to make ends meet. Most of them receive both the Old Age Security pension and Guaranteed Income Supplement from the federal government, benefits from the Canada or Quebec Pension Plans, and federal and provincial tax credits and income supplements. Among the most common sources of income aside from transfer payments are investment income and income from occupational pension plans, registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs).

Table 6.3 lists the common sources of income for poor seniors in 2002 and 2003. There are two columns for each family type, one that gives the percentage of poor seniors who received each kind of income, and one that gives the average amount received. The averages are calculated only for the people who had that particular type of income. The figure for investment income, for example, is the average for poor seniors who actually had investment income, not the average for all poor seniors.

The figures for poor couples in Table 6.3 need to be used with caution. The sample size of senior couples in the survey used to generate the poverty statistics was small, and the results tend to be less reliable than larger samples.

Most people 65 and older get Old Age Security pensions, and the table shows that 85% of poor senior couples got OAS in 2002 and 86 percent did in 2003. The maximum OAS pension for a single senior in 2002 was \$5,336 a year and in 2003 it was \$5,498. Married persons each get an OAS pension in their own name.

The Guaranteed Income Supplement goes to poor people 65 and older who have little or no other income aside from Old Age Security. The maximum GIS payment for a single person in 2002 was \$6,341 and the maximum for a couple was \$8,261. In 2003, the maximum GIS payment for a single person was \$6,534 and the maximum for a couple was \$8,512. The GIS statistics in Table 6.3 also include any Spouse's Allowance payments to poor spouses 60 through 64 who were married to GIS pensioners 65 and older.

The Canada and Quebec Pension Plans were also major sources of income for many poor seniors. The maximum retirement pension in 2002 was \$9,465 and \$9,615 in 2003. The statistics also include disability benefits and pensions for surviving spouses from the CPP or QPP.

Together, these three major sources of income - OAS, GIS and CPP/QPP - make up the bulk of the incomes of poor seniors and a major part of the incomes of many non-poor seniors. The programs are not generous enough by themselves to lift all seniors out of poverty, but they have had a major impact on the living standards of seniors since they began more than a generation ago.

TABLE 6.3: SOURCES OF INCOME FOR POOR SENIORS, 2002 AND 2003

	Couples 65 and Older		Unattached Women 65 and Older		Unattached Men 65 and Older	
	% Who Received	Average Amount per Recipient	% Who Received	Average Amount per Recipient	% Who Received	Average Amount per Recipient
<b>2002</b>						
Total Number	49,000		347,000		103,000	
Old Age Security	85%	\$6,794	99%	\$5,322	99%	\$5,005
Guaranteed Income Supplement and Spouse's Allowance	79%	\$5,503	90%	\$4,114	89%	\$3,756
Canada and Quebec Pension Plans	81%	\$5,877	85%	\$4,271	91%	\$4,846
Pension Income	26%	\$4,549	28%	\$2,567	28%	\$3,040
Investment Income	48%	\$1,648	46%	\$1,287	30%	\$1,805
GST/HST Credits	97%	\$423	100%	\$320	100%	\$318
Provincial Credits and Supplements	80%	\$744	82%	\$456	82%	\$443
Income from All Sources	100%	\$18,688	100%	\$14,906	100%	\$15,089
Income Tax Paid	11%	\$3,040	25%	\$392	34%	\$520
Income after Income Taxes	100%	\$18,365	100%	\$14,810	100%	\$14,913
<b>2003</b>						
Total Number	51,000		335,000		100,000	
Old Age Security	86%	\$6,716	99%	\$5,321	98%	\$5,046
Guaranteed Income Supplement and Spouse's Allowance	77%	\$7,313	90%	\$4,085	85%	\$3,798
Canada and Quebec Pension Plans	86%	\$5,335	86%	\$4,298	90%	\$4,927
Pension Income	23%	\$4,614	29%	\$2,493	19%	\$3,870
Investment Income	43%	\$1,164	45%	\$1,329	26%	\$1,995
GST/HST Credits	98%	\$427	100%	\$323	98%	\$319
Provincial Credits and Supplements	75%	\$910	86%	\$488	82%	\$431
Income from All Sources	100%	\$18,641	100%	\$15,014	100%	\$14,824
Income Tax Paid	9%	\$509	28%	\$422	31%	\$651
Income after Income Taxes	100%	\$18,597	100%	\$14,897	100%	\$14,623

Pension income in the table includes benefits from occupational or workplace pension plans and benefits from RRSPs and RRIFs, but not lump-sum withdrawals from RRSPs. Investment income includes interest income, stock dividends, net income from partnerships and net rental income. Both pension income and investment income are important sources of income for some poor seniors, but the percentage of recipients was fairly low in both cases.

Provincial tax credits and supplements include a variety of tax credits claimed on the income tax forms and also the provincial supplements for poor seniors paid by a number of provinces. Most poor seniors received some type of provincial tax credit or supplement.

The last three lines of the table list income from all sources, any federal or provincial income tax paid and income after income taxes. Relatively few poor seniors pay income taxes and the average amounts paid are very small. That is partly because the Guaranteed Income Supplement is not taxable, the first \$1,000 of income from an occupational pension plan is not taxable, and much of the taxable income of poor seniors is offset by the personal amount and the age amount, two tax breaks that are claimed on the income tax forms.

## DETAILED SOURCES OF INCOME FOR POOR FAMILIES

Not surprisingly, the sources of income for poor families and unattached individuals under age 65 are much different than the sources of income for poor seniors. Earnings, including net income from self-employment, are the main source of income for a majority of the younger poor. Welfare is a common source of income for single parents, less so for other family types under 65. Federal and provincial child benefits are also very important for families with children.

Tables 6.4 and 6.5 show common sources of income for four types of poor families under 65. The sample size for poor single-parent fathers was small, so the results should be interpreted cautiously.

Two-parent families were the most likely to have received earnings—86 percent of these families reported earnings in both 2002 and 2003. They were followed by poor couples under 65 without children. Two-thirds (66%) of these couples received earnings in 2002 and 68 percent did in 2003. Single-parents were not far behind couples without children. Sixty-three percent of single-parent fathers received earnings in 2002 compared to 61 percent of single-parent mothers. In 2003, a greater share of single-parent mothers received earnings—66 percent compared to 64 percent of single-parent fathers. The average amounts for all family types were substantial relative to total income and suggest more than one earner in some families.

By way of comparison, average earnings of \$15,683 for poor two-parent families in 2003 were the equivalent of \$10.67 an hour for 1,470 hours of work during the year, the minimum time used by Statistics Canada to define full-time, full-year work. Also by way of comparison, average earnings for all two-parent families in 2003 were \$78,695.

We will have more to say about the relationship between paid work and poverty in the next chapter.

TABLE 6.4: SOURCES OF INCOME FOR POOR FAMILIES UNDER 65, 2002 AND 2003

	Two-Parent Families Under 65 with Children		Couples without Children	
	% Who Received	Average Amount per Recipient	% Who Received	Average Amount per Recipient
<b>2002</b>				
Total Number	310,000		196,000	
Earnings	86%	\$15,832	66%	\$8,894
Welfare	25%	\$9,600	25%	\$8,513
Employment Insurance	20%	\$6,795	12%	\$5,489
Federal and Provincial Child Benefits	100%	\$5,238	n/a	n/a
National Child Benefit Supplement	97%	\$2,025	n/a	n/a
Investment Income	27%	\$2,153	37%	\$348
Canada and Quebec Pension Plans	4%	\$5,888	28%	\$6,811
Workers' Compensation	4%	\$4,630	5%	\$8,759
GST/HST Credit	98%	\$649	97%	\$421
Provincial Tax Credits	68%	\$479	64%	\$474
Income from All Sources	100%	\$25,467	100%	\$13,300
Income Tax Paid	48%	\$1,459	34%	\$4,874
Income after Income Taxes	100%	\$24,773	100%	\$11,666
<b>2003</b>				
Total Number	297,000		188,000	
Earnings	86%	\$15,683	68%	\$8,720
Welfare	24%	\$9,601	28%	\$9,398
Employment Insurance	24%	\$5,811	14%	\$4,596
Federal and Provincial Child Benefits	100%	\$5,623	n/a	n/a
National Child Benefit Supplement	94%	\$2,397	n/a	n/a
Investment Income	24%	\$1,781	27%	\$1,540
Canada and Quebec Pension Plans	5%	\$5,285	24%	\$6,674
Workers' Compensation	5%	\$5,470	5%	\$4,978
GST/HST Credit	99%	\$678	98%	\$426
Provincial Tax Credits	68%	\$495	68%	\$463
Income from All Sources	100%	\$25,874	100%	\$13,635
Income Tax Paid	47%	\$1,431	34%	\$1,134
Income after Income Taxes	100%	\$25,198	100%	\$13,249

TABLE 6.5: SOURCES OF INCOME FOR POOR SINGLE-PARENT FAMILIES UNDER 65, 2002 AND 2003

	Single-Parent Mothers Under 65		Single-Parent Fathers Under 65	
	% Who Received	Average Amount per Recipient	% Who Received	Average Amount per Recipient
<b>2002</b>				
Total Number	286,000		26,000	
Earnings	61%	\$8,273	63%	\$11,640
Welfare	61%	\$7,187	41%	\$7,070
Employment Insurance	15%	\$3,608	13%	\$6,221
Federal and Provincial Child Benefits	100%	\$5,311	100%	\$4,977
National Child Benefit Supplement	100%	\$2,160	100%	\$2,053
Investment Income	11%	\$906	13%	\$1,567
Canada and Quebec Pension Plans	5%	\$3,887	9%	\$5,953
Workers' Compensation	2%	\$6,560	0%	--
GST/HST Credit	100%	\$601	100%	\$576
Provincial Tax Credits	69%	\$310	52%	\$206
Income from All Sources	100%	\$18,465	100%	\$17,632
Income Tax Paid	15%	\$931	29%	\$1,265
Income after Income Taxes	100%	\$18,324	100%	\$17,266
<b>2003</b>				
Total Number	265,000		24,000	
Earnings	66%	\$7,761	64%	\$13,012
Welfare	61%	\$7,097	35%	\$7,420
Employment Insurance	14%	\$3,725	12%	\$3,715
Federal and Provincial Child Benefits	100%	\$5,209	100%	\$4,981
National Child Benefit Supplement	100%	\$2,243	99%	\$2,103
Investment Income	8%	\$1,895	16%	\$522
Canada and Quebec Pension Plans	4%	\$4,242	5%	\$6,395
Workers' Compensation	1%	\$1,440	3%	\$4,730
GST/HST Credit	100%	\$659	99%	\$639
Provincial Tax Credits	76%	\$296	65%	\$209
Income from All Sources	100%	\$18,040	100%	\$18,304
Income Tax Paid	11%	\$775	29%	\$2,373
Income after Income Taxes	100%	\$17,956	100%	\$17,627

-- Sample size too small.

Single-parent mothers were the family type most likely to have received welfare. Sixty-one percent of poor single-parent mothers relied on welfare for at least part of the year in 2002, compared to 41 percent of single-parent fathers, 25 percent of two-parent families and 25 percent of couples under 65 without children. Similarly, in 2003, 61 percent of poor single-parent mothers relied on welfare for at least part of the year, compared to 35 percent of single-parent fathers, 24 percent of two-parent families and 28 percent of couples under 65 without children.

The average amounts of welfare received suggest that the families had more than a fleeting association with the welfare system during the year. The National Council of Welfare's report *Welfare Incomes, 2003* estimated that provincial welfare and related benefits in 2003 for a single parent with one child ranged from \$8,684 a year in Alberta to \$11,746 in Newfoundland and Labrador. Benefits for a couple with two children ranged from \$11,328 in New Brunswick to \$14,468 in Prince Edward Island. The report did not have similar calculations for a couple without children.

The regular Employment Insurance program suffered greatly from cuts by successive federal governments during the past two decades and now is a shadow of its former self. The program provides a limited number of weeks of replacement income to workers who lose their jobs and satisfy the many other program requirements. It also provides maternity and parental benefits for up to 50 weeks to workers who meet the program requirements and who have newborns or newly adopted children. Relatively few poor families received EI benefits in 2002 and 2003.

Federal and provincial child benefits are an important source of income for the three family types with children under 18. The category in the table consists of the major national program funded by the federal government, the Canada Child Tax Benefit (with the National Child Benefit Supplement for low-income families shown separately), and provincial programs that differ enormously from province to province. At the beginning of 2003, the maximum federal benefit for a family with one child was \$2,444 and the maximum for a family with two children was \$4,682.

The income from the Canada and Quebec Pension Plans in the table was most likely disability pension income. About a quarter of couples without children reported income from CPP or QPP. Only a very small number of families with children did.

The percentage of poor families under 65 paying income taxes was fairly small and the average amount of taxes paid was fairly modest.

## DETAILED SOURCES OF INCOME FOR POOR UNATTACHED INDIVIDUALS

Table 6.6 lists the sources of income for the two remaining family types, unattached women and men under age 65. Most of the sources of income are the same as in Tables 6.4 and 6.5.

Once again, earnings were the single most important source of income. In 2002, more than half (55%) of unattached women and unattached men (56%) received earnings. That share increased slightly in 2003 to 60 percent of unattached women and 59 percent of unattached men.

Welfare was the second most important source. About a third of poor unattached men and women received welfare in 2002 and 2003. The average amounts received suggest that many recipients were on welfare for all or most of the year. The National Council of Welfare report *Welfare Incomes 2003* estimated that welfare and related benefits for a single employable person in 2003 ranged from \$3,168 in New Brunswick to \$7,180 in Newfoundland and Labrador. Benefits for a single person with a disability ranged from \$6,696 in New Brunswick to \$11,466 in Ontario.

Aside from earnings, welfare, and federal and provincial tax credits, the rest of the sources of income in the table were claimed by a relatively small percentage of poor unattached individuals under 65. Several of the sources, however, represented significant amounts of money for those who claimed them.

The income from the Canada and Quebec Pension Plans could have been disability pensions or perhaps early retirement benefits for people 60 through 64. The plans allow workers to take a reduced pension at 60 rather than wait for a normal pension at 65. Some provincial welfare programs require applicants to apply for CPP or QPP pensions at 60.

Spouse's Allowance refers to the federal income support program for spouses of GIS pensioners or widows/widowers of GIS pensioners who are ages 60 through 64. Only a small percentage of unattached men and women reported this source of income.

Similarly, there was a small percentage of unattached women and men under 65 reporting pension income. The amounts could consist of early retirement pensions or income from RRSPs or RRIFs. The total average amounts reported in 2002 and 2003 were in the \$6,000 to \$7,000 range, making it a major source of income for the small number of people receiving it.

## PRIMARY SOURCES OF INCOME

While the data in Tables 6.4 to 6.6 shed much light on typical sources of income among poor people as a group, we need to know more about the actual combinations of income. Obviously, some poor people have only one main source of income, and others have more than one.

TABLE 6.6: SOURCES OF INCOME FOR POOR  
UNATTACHED INDIVIDUALS UNDER 65, 2002 AND 2003

	Unattached Women Under 65		Unattached Men Under 65	
	% Who Received	Average Amount per Recipient	% Who Received	Average Amount per Recipient
<b>2002</b>				
Total Number	561,000		598,000	
Earnings	55%	\$7,752	56%	\$8,676
Welfare	31%	\$7,431	33%	\$6,809
Employment Insurance	8%	\$4,068	11%	\$5,494
Investment Income	15%	\$926	13%	\$1,590
Canada and Quebec Pension Plans	17%	\$5,329	13%	\$6,183
Spouse's Allowance	2%	\$3,816	1%	\$3,535
Pension Income	3%	\$6,767	1%	\$7,175
GST/HST Credit	100%	\$260	99%	\$265
Provincial Tax Credits	59%	\$213	54%	\$212
Income from All Sources	100%	\$8,928	100%	\$9,512
Income Tax Paid	26%	\$833	31%	\$892
Income after Income Taxes	100%	\$8,715	100%	\$9,235
<b>2003</b>				
Total Number	583,000		635,000	
Earnings	60%	\$7,817	59%	\$7,469
Welfare	32%	\$6,699	33%	\$6,671
Employment Insurance	10%	\$3,256	12%	\$5,120
Investment Income	16%	\$1,293	14%	\$1,862
Canada and Quebec Pension Plans	16%	\$5,318	11%	\$6,190
Spouse's Allowance	2%	\$4,395	--	--
Pension Income	2%	\$5,867	1%	\$6,886
GST/HST Credit	100%	\$263	98%	\$265
Provincial Tax Credits	59%	\$217	57%	\$200
Income from All Sources	100%	\$9,335	100%	\$9,436
Income Tax Paid	27%	\$893	32%	\$1,022
Income after Income Taxes	100%	\$9,092	100%	\$9,059

-- Sample size too small.

To help fill the gap, the National Council of Welfare examined different combinations of the three main sources of income for poor people under 65: earnings, welfare and Employment Insurance. The result was four tabulations showing poor people who relied on earnings only, welfare only, earnings and welfare together, and earnings and Employment Insurance together. Other possible combinations, such as welfare and EI, produced results that were too small and too unreliable to publish.

Figures 6.1 through 6.4 show the number of poor families and unattached individuals under 65 by primary sources of income in 2002 and 2003. There were too few single-parent fathers to produce reliable results at this level of detail.

There were noticeable differences by family type. Poor two-parent families were most likely to rely primarily on earnings. Poor single-parent mothers were most likely to rely primarily on welfare. However, earnings were still a key source of income in the majority of poor families, including single-parent mothers.

Among poor two-parent families under 65, the largest single group was the group that relied on earnings as their primary source of income: 166,000 families or 54 percent of all poor two-parent families under 65 in 2002. The data was similar in 2003: 152,000 families or 52 percent of all poor two-parent families. The three slices representing earnings only, earnings and welfare, and earnings and EI added up to 84 percent in 2002 or 80 percent in 2003. That shows that the vast majority of poor two-parent families had significant attachments to the paid labour force in 2002 and 2003. Only eight percent of poor two-parent families relied primarily on welfare in 2002 and 2003. The slice of the pie labelled "other" includes other combinations of income that were too small to report.

The pie for single-parent mothers under 65 had a relatively smaller slice for earnings only and a relatively larger slice for welfare only. Even so, the total of the three slices that included earnings added up to 57 percent of all poor single-parent mothers under 65 in 2002 and 63 percent in 2003. About one in three (31%) of poor single-parent mothers relied primarily on welfare in 2002 while 28 percent did in 2003.

The pie for couples under 65 without children shows three earnings-related slices that totalled 65 percent in 2002 and 66 percent in 2003. The relatively large "other" slice included a sizeable number of couples - presumably couples who were older, but not older than 65 - who relied on Canada or Quebec Pension Plan benefits as their primary source of income. The type of benefit was not specified, but it could be early retirement benefits for persons ages 60 to 65 or disability benefits.

The pie for unattached individuals under 65 includes both unattached men and women, because the data showed no significant differences between the two groups in terms of their primary sources of income. The largest slice was earnings alone, and the three earnings-related slices added up to 55 percent of all poor unattached individuals under 65 in 2002 and 59 percent in 2003. One-quarter (25%) of poor unattached individuals relied primarily on welfare in 2002, as did 24 percent in 2003.

# PRIMARY SOURCES OF INCOME, 2002 AND 2003

Figure 6.1: Poor Two-Parent Families Under 65 with Children

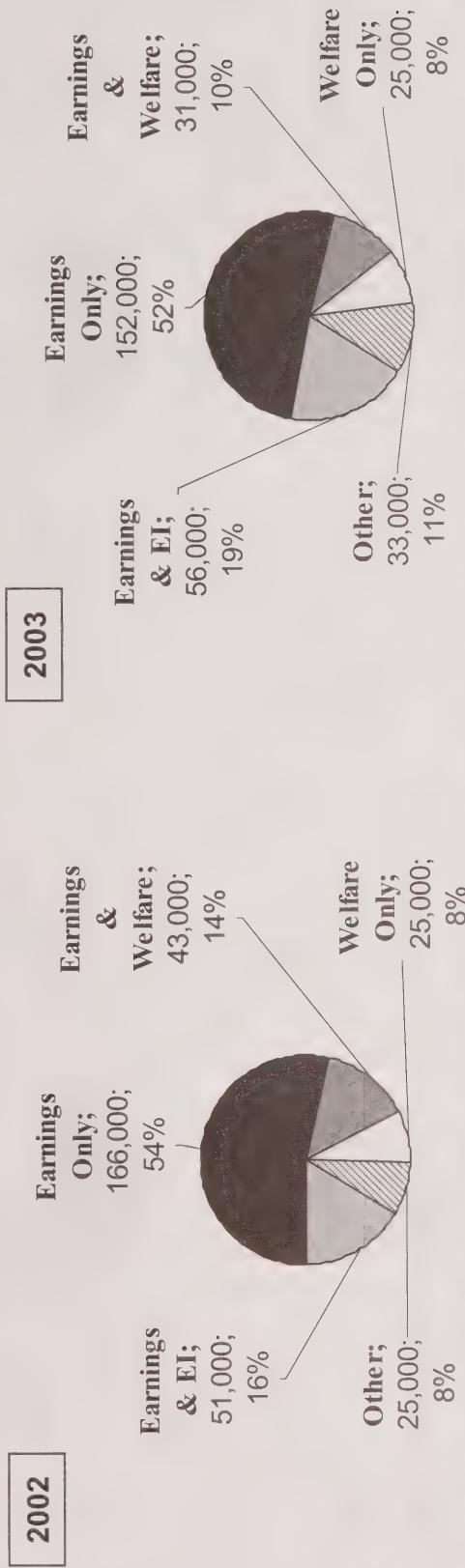


Figure 6.2: Poor Single-Parent Mothers

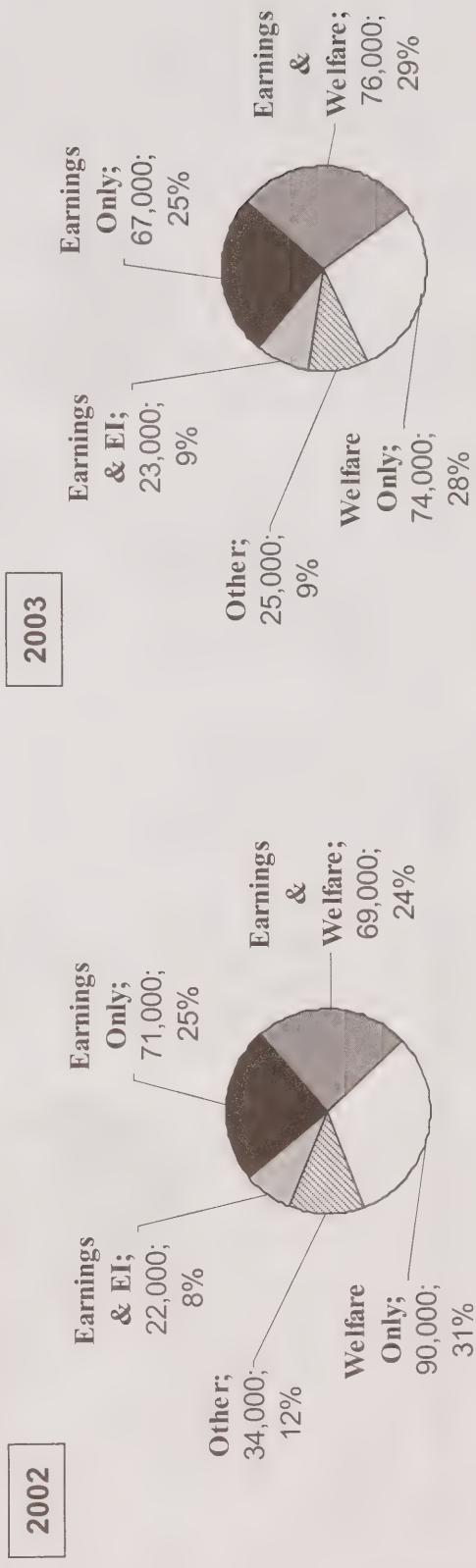


Figure 6.3: Poor Couples Under 65 without Children

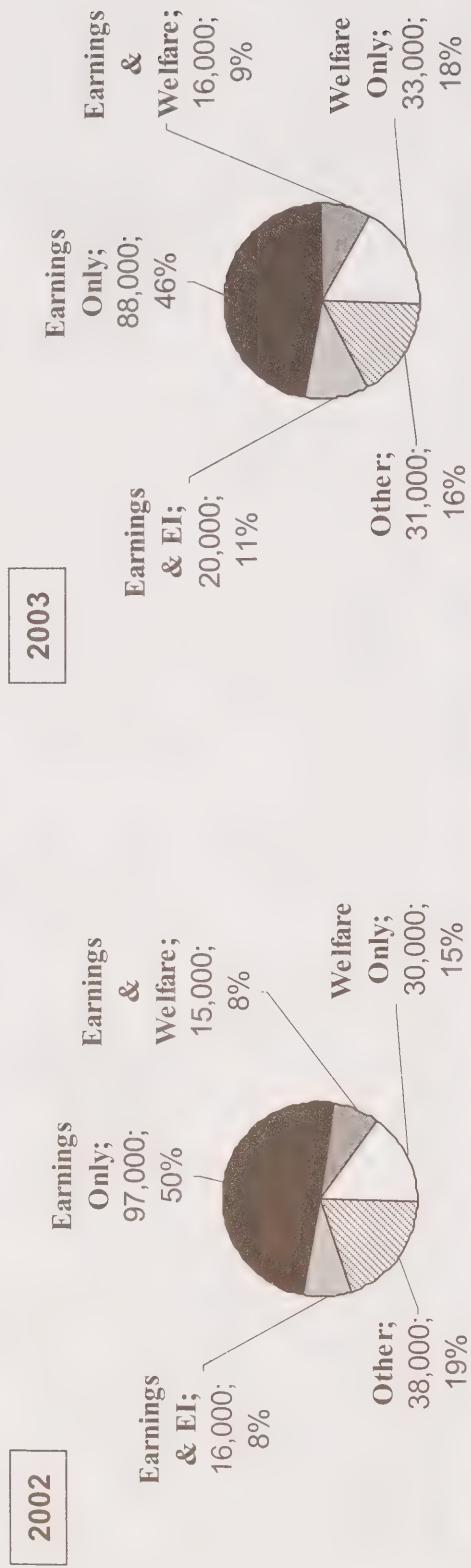


Figure 6.4: Poor Unattached Individuals Under 65



Details about the average amounts received by each of the groups for each source of income, total average income after government transfer payments but before federal and provincial income taxes, and average income after income taxes appear in Table 6.7.

For the poor two-parent families under 65 with earnings alone as their primary source of income, average earnings were \$17,700 in 2002 and \$18,000 in 2003. Average child benefits from the federal and provincial governments combined were \$5,200 in 2002 and \$5,600 in 2003. With miscellaneous income added in, total average income after transfers and before income taxes was \$25,200 in 2002 and \$26,700 in 2003. Average income after income taxes was \$24,400 in 2002 and \$25,800 in 2003.

To put the earnings figure into perspective, \$18,000 in earnings is the equivalent of an hourly wage of \$12.24 for 1,470 hours of work, the minimum number of hours that qualifies under Statistics Canada's definition of full-time, full-year work. Full-year work was probably the norm in this group, because there was no income from welfare or EI.

Fifty-five percent of the earnings only group paid income taxes in 2002 while 57 percent did in 2003. The average tax bill for the poor two-parent families who paid income taxes was \$1,500 in 2002 and \$1,400 in 2003. In the earnings and EI group, 69 percent paid income taxes in 2002, and the average tax bill was \$1,100. In 2003, 71 percent paid an average of \$1,600 in income taxes. In the two remaining groups of poor two-parent families, the number of families who paid income taxes was too small to report. That is likely because neither welfare nor child benefits are taxable.

Much the same patterns appear in the four groups of poor single-parent mothers under 65 although the average amounts of earnings, EI and welfare were lower in all cases than the comparable figures for poor two-parent families. That is partly because there is normally only one breadwinner in single-parent families, but often more than one in two-parent families.

The group of single-parent mothers that relied primarily on earnings had average earnings of \$9,400 in 2002 and \$9,900 in 2003. This was the equivalent of \$6.39 an hour for 1,470 hours in 2002 and \$6.73 an hour in 2003. Twenty-six percent of the group paid income taxes in 2002 as did 27 percent in 2003. The average tax bill was \$1,100 in 2002 and \$800 in 2003. In the other groups of single-parent mothers, too few families paid income taxes to produce reliable results.

For both poor two-parent families and poor single-parent mothers, average incomes after income taxes were several thousand dollars lower for the group with welfare as their primary source of income. For example, in 2003, the average after-tax income for single-parent mothers who relied primarily on earnings was \$18,300. This was \$2,700 higher than the average after-tax income of poor single-parent mothers who relied primarily on welfare. That is partly because welfare benefits in Canada have been notoriously low for many years. It is also a reflection of the "clawback" of the National Child Benefit Supplement from families on welfare by some provincial governments.

In the absence of the clawback, provincial welfare payments would be higher and average total incomes would be much more in line with the incomes of the other three groups in the table. That said, all the average incomes in the table are very low, if not extremely low.

Table 6.7 also shows income data for poor couples under 65 without children and poor unattached individuals under 65. Once again, average incomes ranged from very low to extremely low.

Among poor couples under 65 without children in the earnings-only group, average earnings were \$8,900 in 2002 and \$9,200 in 2003. This was the equivalent of \$6.05 an hour for 1,470 hours in 2002 and \$6.25 an hour in 2003. Fifty percent of the group paid income taxes in 2002 and 2003, and the average paid was \$1,200 in both years. There were very few families who paid income taxes in the other three groups.

Among poor unattached individuals under 65 with earnings only, average earnings were \$8,600 in 2002 and \$8,400 in 2003. This was the equivalent of \$5.85 an hour for 1,470 hours in 2002 and \$5.71 in 2003. Thirty-eight percent of the group paid income taxes in 2002 while 40 percent did in 2003. The average tax bill was \$800 in 2002 and \$1,100 in 2003. In the earnings and EI group, 79 percent paid income taxes in 2002 and 69 percent did in 2003. The average paid was \$1,100 in 2002 and \$800 in 2003. There were not enough taxpayers to report in the two remaining groups.

TABLE 6.7: AVERAGE INCOMES BY PRIMARY SOURCES OF INCOME, 2002 AND 2003

TABLE 6.7: AVERAGE INCOMES BY PRIMARY SOURCES OF INCOME, 2002 AND 2003

		Two-Parent Families under 65 with Children Under 18		Single-Parent Mothers Under 65 with Children Under 18		Couples Under 65 without Children		Unattached Individuals Under 65	
		2002	2003	2002	2003	2002	2003	2002	2003
<b>EARNINGS AS PRIMARY SOURCE OF INCOME</b>									
Earnings	\$17,700	\$18,000	\$9,400	\$9,900	\$8,900	\$9,200	\$8,600	\$8,400	
Child Benefits	\$5,200	\$5,600	\$4,900	\$5,200	N/A	N/A	N/A	N/A	
Total Before-Tax Income	\$25,200	\$26,700	\$18,600	\$18,800	\$12,900	\$12,600	\$9,800	\$9,800	
Income after Income Taxes	\$24,400	\$25,800	\$18,300	\$18,600	\$12,300	\$12,000	\$9,400	\$9,400	
<b>EARNINGS AND EMPLOYMENT INSURANCE AS PRIMARY SOURCES OF INCOME</b>									
Earnings	\$13,800	\$13,900	\$10,400	\$10,100	\$9,100	\$9,700	\$7,200	\$7,100	
Employment Insurance	\$6,800	\$6,200	\$3,300	\$3,400	\$5,200	\$4,900	\$4,700	\$4,200	
Child Benefits	\$4,700	\$4,700	\$5,600	\$5,100	N/A	N/A	N/A	N/A	
Total Before-Tax Income	\$27,600	\$26,400	\$21,500	\$20,400	\$15,800	\$17,200	\$12,900	\$12,700	
Income after Income Taxes	\$26,800	\$25,300	\$21,200	\$20,200	\$15,400	\$16,600	\$12,000	\$12,100	
<b>EARNINGS AND WELFARE AS PRIMARY SOURCES OF INCOME</b>									
Earnings	\$9,600	\$9,300	\$6,000	\$5,400	\$6,700	\$6,200	\$4,300	\$3,500	
Welfare	\$7,600	\$8,500	\$5,900	\$6,600	\$7,100	\$8,400	\$5,800	\$5,300	
Child Benefits	\$5,500	\$6,700	\$5,300	\$5,400	N/A	N/A	N/A	N/A	
Total Before-Tax Income	\$26,000	\$27,600	\$19,900	\$20,000	\$16,500	\$16,100	\$10,800	\$9,700	
Income after Income Taxes	\$25,800	\$27,400	\$19,700	\$19,900	\$16,400	\$16,100	\$10,700	\$9,600	
<b>WELFARE AS PRIMARY SOURCE OF INCOME</b>									
Welfare	\$14,000	\$13,500	\$8,300	\$8,200	\$9,200	\$10,000	\$7,400	\$7,400	
Child Benefits	\$5,600	\$5,700	\$5,300	\$5,100	N/A	N/A	N/A	N/A	
Total Before-Tax Income	\$21,400	\$21,000	\$15,600	\$15,300	\$11,700	\$13,100	\$8,800	\$9,200	
Income after Income Taxes	\$21,400	\$21,000	\$15,600	\$15,300	\$11,700	\$13,100	\$8,800	\$9,200	



## VII. POVERTY AND PAID WORK

For some Canadians, having a job is the best protection against poverty. For others, having a job or two jobs or even three jobs is not enough to keep the wolf away from the door.

This chapter examines the relationship between poverty and paid work. It highlights the huge number of poor people with earnings as a major source of their total income. It adds some further insights into the importance and limitations of work as protection against poverty. It considers poverty by weeks of work and patterns of work. It also takes a look at the low-wage poor or “working poor”.

### NUMBER OF EARNERS

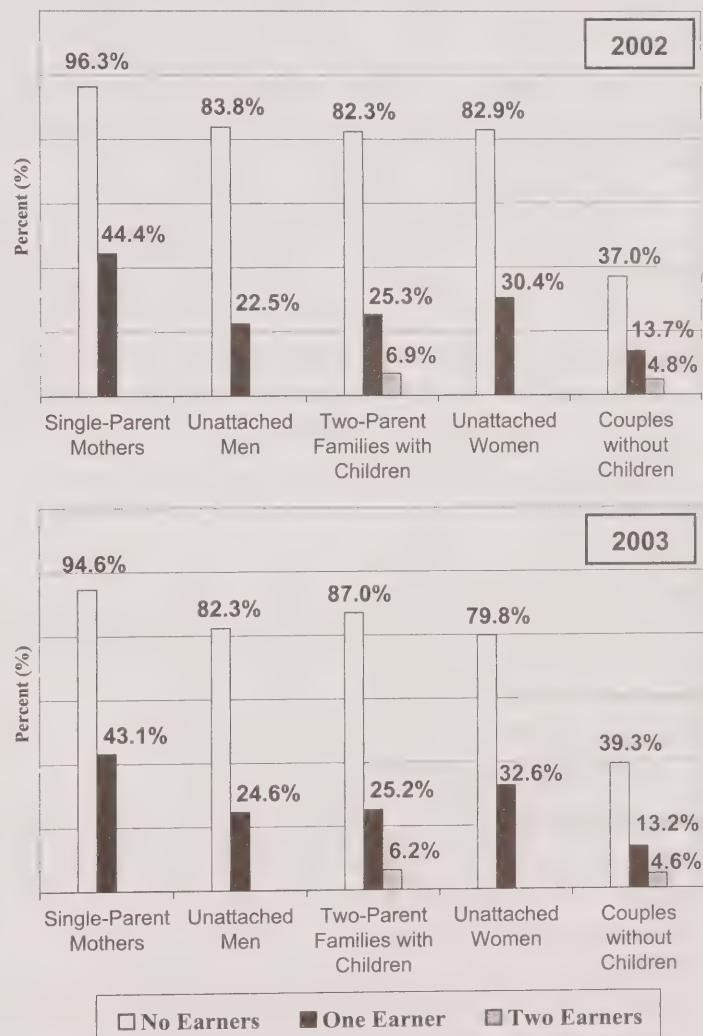
The importance of paid work as protection against poverty is best seen among family types under 65. Five of the six common family types under 65 have poverty rates that vary sharply with the number of earners in the family unit. Figure 7.1 gives the details for 2002 and 2003. There were not enough poor single-parent fathers to allow a comparison of poverty rates by number of earners in the family.

#### What are earnings?

Earnings refer to  
(1) wages and salaries before any payroll deductions, and  
(2) net income from self-employment after the deduction of business expenses.

Self-employment income includes the net income of unincorporated business persons, farmers and professionals.

**Figure 7.1: Poverty Rates by Number of Earners, Family Types Under 65, 2002 and 2003**



Having no earners in a family is practically a guarantee of high rates of poverty, as shown by the white bars in Figure 7.1. Single-parent mothers under 65 fared the worst, with a poverty rate of 96.3 percent for families with no earners in 2002 and 94.6 percent in 2003. Couples under 65 without children and no earners in the family had a poverty rate of 37 percent in 2002 and 39.3 percent in 2003 – the lowest of all the family types, but relatively high compared to most of the other poverty rates in this report.

With one earner, the poverty rates for all five family types plummeted. Single-parent mothers were still the worst off, but their poverty rate was down to 44.4 percent in 2002 and 43.1 percent in 2003. One-earner couples without children had the lowest poverty rate – 13.7 percent in 2002 and 13.2 percent in 2003.

The rates fell further still with two earners in the family, as in the case of couples under 65 without children and two-parent families. The rate for couples dropped to 4.8 percent in 2002 and 4.6 percent in 2003. The rate for two-parent families fell to 6.9 percent in 2002 and 6.2 percent in 2003.

Clearly, families without earners or with only one earner have the highest poverty rates. The number of poor families, broken down by number of earners, shows how many families face these very high poverty rates.

Poor couples without children are evenly distributed by number of earners. In 2002, there were a total of 196,000 poor couples under 65 without children: 66,000 without earners, 65,000 with one earner and 65,000 with two earners. In percentage terms, 33.7 percent of the poor couples without children had no earners, 33.2 percent had one earner and 33.2 percent had two earners. The number of poor couples was equally distributed in 2003. There were a total of 188,000 poor couples without children: 60,000 (or 31.9%) without earners, 63,000 (or 33.5%) with one earner and 65,000 (34.6%) with two earners.

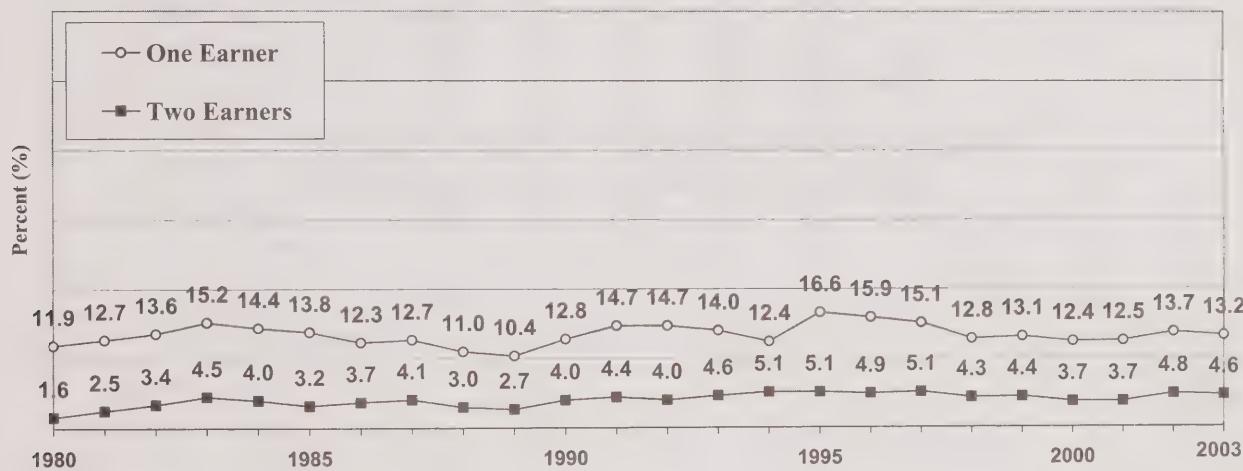
Poor two-parent families were most likely to have one or two earners. Only a very small number had no earners. In 2002, there were a total of 316,000 poor two-parent families. There were 44,000 poor families with no earners, 126,000 with one earner, 129,000 with two earners and only 16,000 with three or more earners. That worked out to 13.9 percent of poor two-parent families with no earners, 39.9 percent with one earner, 40.8 percent with two earners and 5.1 percent with three or more earners. In 2003, there were 298,000 poor two-parent families. Of those families, 43,000 (14.4%) had no earners, 113,000 (37.9%) had one earner, 118,000 (39.6%) had two earners and 24,000 (8.1%) had three or more earners.

Poor single-parent mothers were more likely to have one earner than to have no earners at all. There were a total of 286,000 poor families in 2002 led by single-parent mothers: 112,000 with no earners and 144,000 with one earner. In percentages, that was 39.2 percent of all poor families led by single-parent mothers with no earners and 50.3 percent with one earner. A small number of single-parent mother families had two or more earners. In 2003, a slightly higher percentage of poor single-parent mothers had one earner. There were 265,000 poor single-parent mother families of which 90,000 (34%) had no earners and 152,000 (57.4%) had one earner.

For unattached women and men, the maximum number of earners in the family unit was one by definition, although an unattached individual might be able to have two full-time jobs or to work more than 40 hours a week. One earner was also the normal limit for single-parent families, although a very small number of families had a second earner, perhaps a teenager or other relative living with the family.

The importance of having more than one breadwinner - in this case, people with income from earnings - has been evident year after year from the time the first poverty rates were produced by Statistics Canada nearly a half century ago. The statistics for couples under 65 without children and two-parent families are especially compelling, and even the statistics for single-parent mothers are worth a look. Figures 7.2, 7.3 and 7.4 show poverty rates by the number of earners for all three family types.

**Figure 7.2: Poverty Rates by Number of Earners,  
Couples Under 65 without Children, 1980-2003**

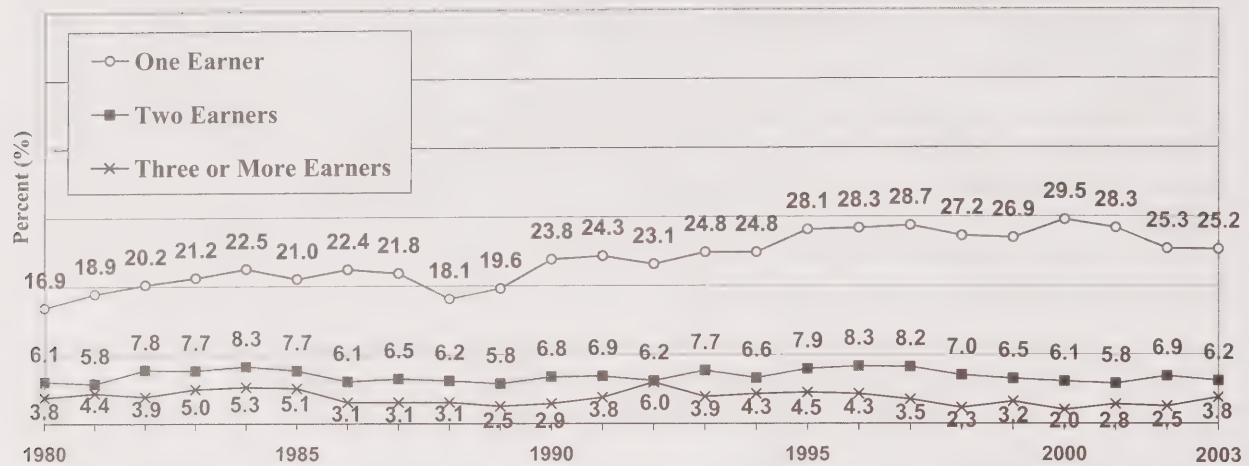


The poverty rate for couples without children and only one earner was ten percent or higher every year from 1980 through 2003. The comparable rate for two-earner couples was five percent or less every single year.

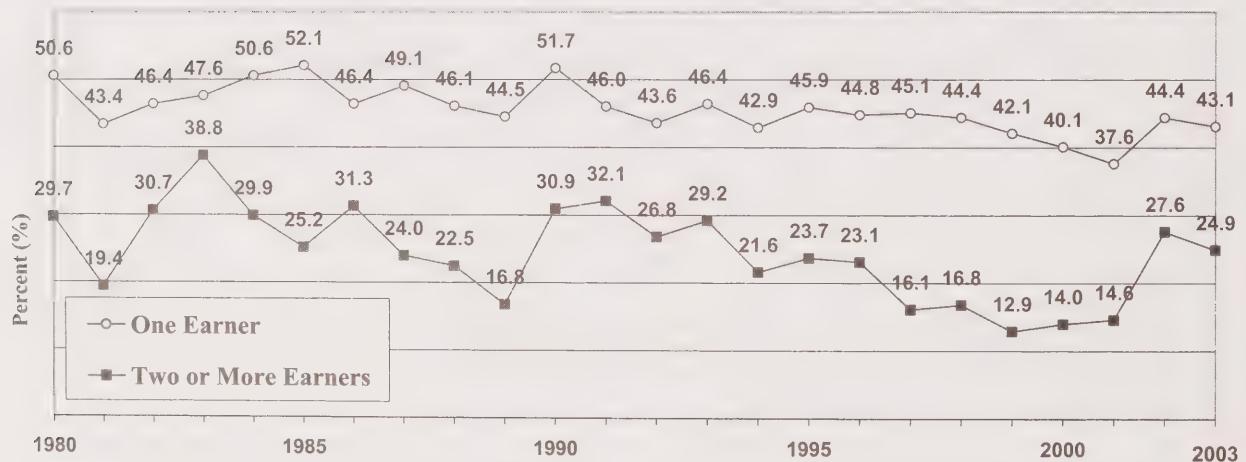
The figure for two-parent families shows that it has become increasingly difficult for one-earner families to avoid poverty. The poverty rate for one-earner families went from 16.9 percent in 1980 to 25.2 percent in 2003. Meanwhile, the rate for families with two earners and the rate for the small number of families with three or more earners were both very low. Furthermore, the poverty rates for these families were the same in 1980 as they were in 2003.

The figure for single-parent mothers shows a consistently high poverty rate for families with one earner, much higher than the rates for couples and two-parent families. The rate for families with two or more earners was lower and also more erratic due to small sample sizes.

**Figure 7.3: Poverty Rates by Number of Earners,  
Two-Parent Families with Children, 1980-2003**



**Figure 7.4: Poverty Rates by Number of Earners,  
Single-Parent Mothers Under 65, 1980-2003**

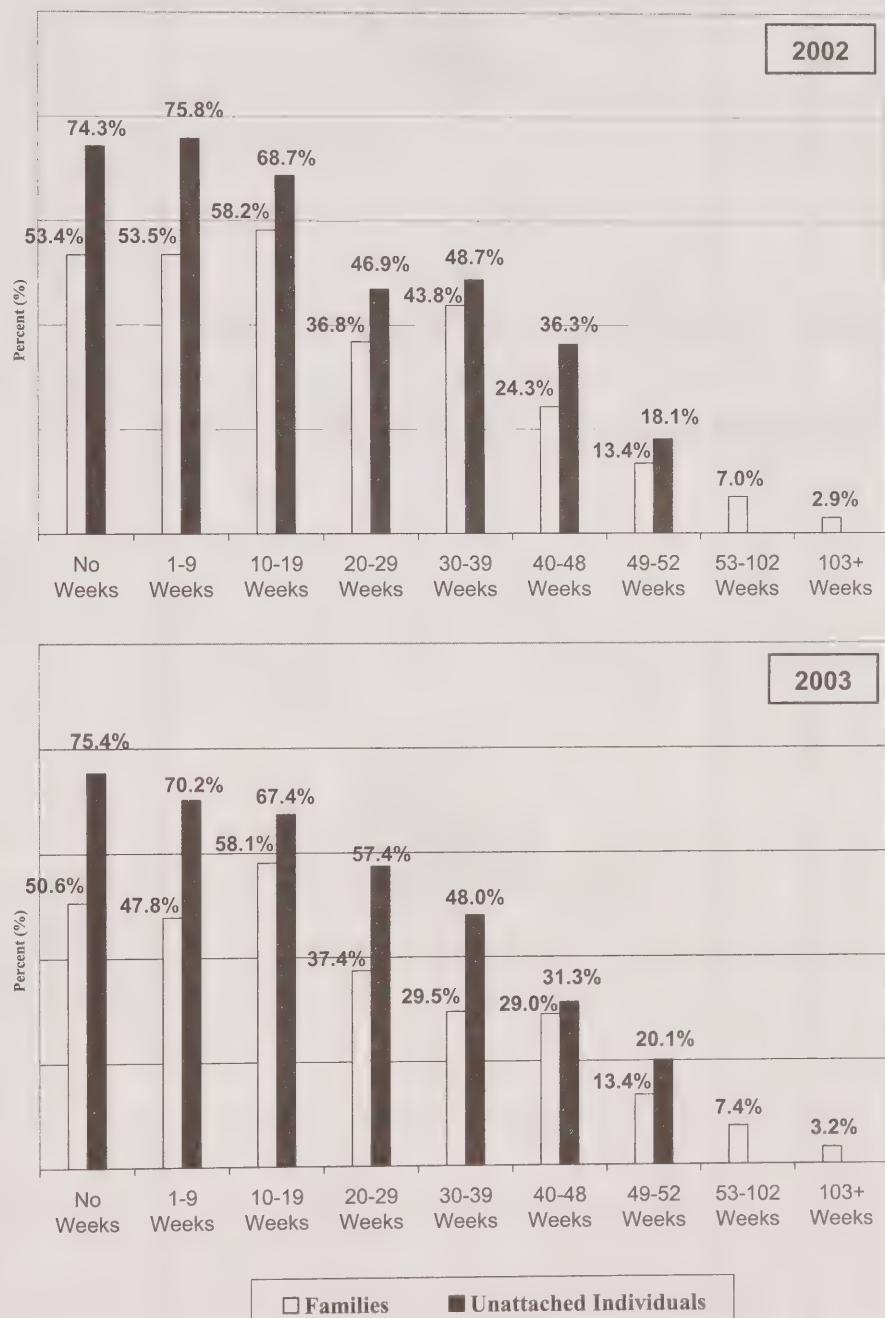


## NUMBER OF WEEKS WORKED

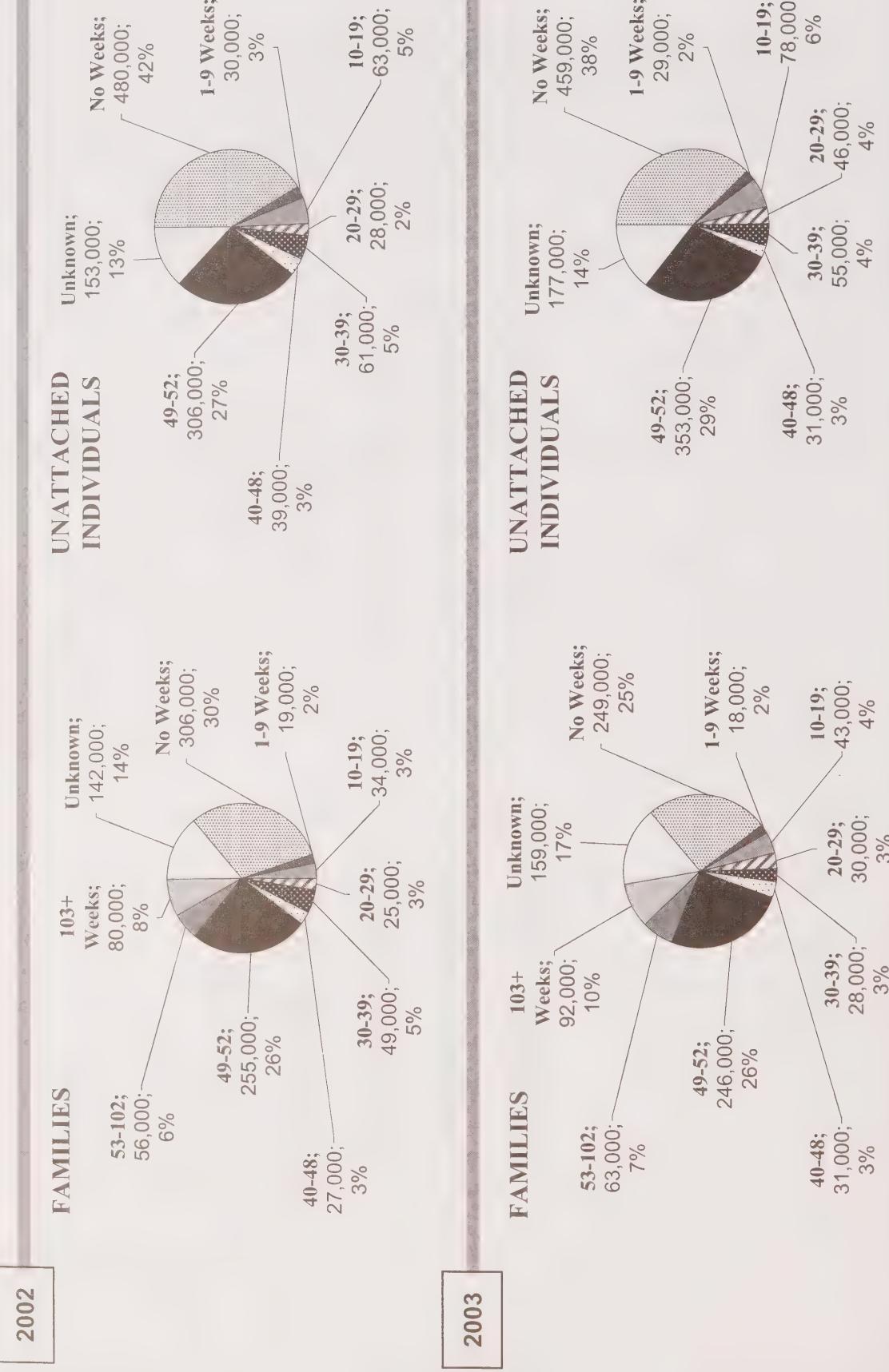
For poor people with some attachment to the paid labour force, one of the best markers of poverty is the number of weeks worked during any given year. Simply put, the risk of poverty falls as the number of weeks of paid work rises.

Figure 7.5 shows the poverty rates for families according to the number of weeks worked by the major income earner plus, in the case of couples, any weeks worked by the other partner. That means couples could have up to 104 weeks of work a year. The poverty rates for unattached individuals cover only one person by definition and therefore this maximum is 52 weeks of work a year.

**Figure 7.5: Poverty Rates by Weeks of Work, Families and Unattached Individuals Under 65, 2002 and 2003**



**Figure 7.6: Distribution of Poor Unattached Individuals and Poor Families by Weeks of Work, 2002 and 2003**



Poverty rates are highest for those families and unattached individuals with less than 20 weeks of work. Unattached individuals always have higher poverty rates than families, even if they work the same number of weeks as families.

The poverty rates for families in 2002 ranged from a high of 58.2 percent for families with 10 to 19 weeks of work to a low of 2.9 percent for families with a total of 103 or more weeks of work. The range for unattached individuals went from 75.8 percent for persons with one to nine weeks of work to 18.1 percent for persons with 49 to 52 weeks of work.

In 2003, the poverty rates were very close to those in 2002. For families, the poverty rate ranged from a high of 58.1 percent for 10 to 19 weeks of work, to a low of 3.2 percent for those with a total of 103 or more weeks of work. Unattached individuals had poverty rates as high as 75.4 percent for persons with no weeks of work to as low as 20.1 percent for persons with 49 to 52 weeks of work.

Many poor families and unattached individuals worked all year, but still remained in poverty. The pies shown in Figure 7.6 included 255,000 poor families working more or less year-round at 49 to 52 weeks in 2002, 56,000 poor families with between 53 and 102 weeks of work, and 80,000 poor families with more than 103 weeks of work. That added up to 391,000 poor families or 40 percent of all poor families. Meanwhile, there were 306,000 poor unattached individuals working 49 to 52 weeks in 2002 or 27 percent of all poor unattached individuals.

The data for 2003 also showed that even steady work does not allow some people to escape from poverty. Figure 7.6 shows 246,000 poor families working more or less year-round at 49 to 52 weeks in 2003, 63,000 poor families with between 53 and 102 weeks of work, and 92,000 poor families with more than 103 weeks of work. That added up to 401,000 poor families or 42 percent of all poor families. Meanwhile, there were 353,000 poor unattached individuals working 49 to 52 weeks in 2003 which works out to 29 percent of all poor unattached individuals.

## PATTERNS OF WORK

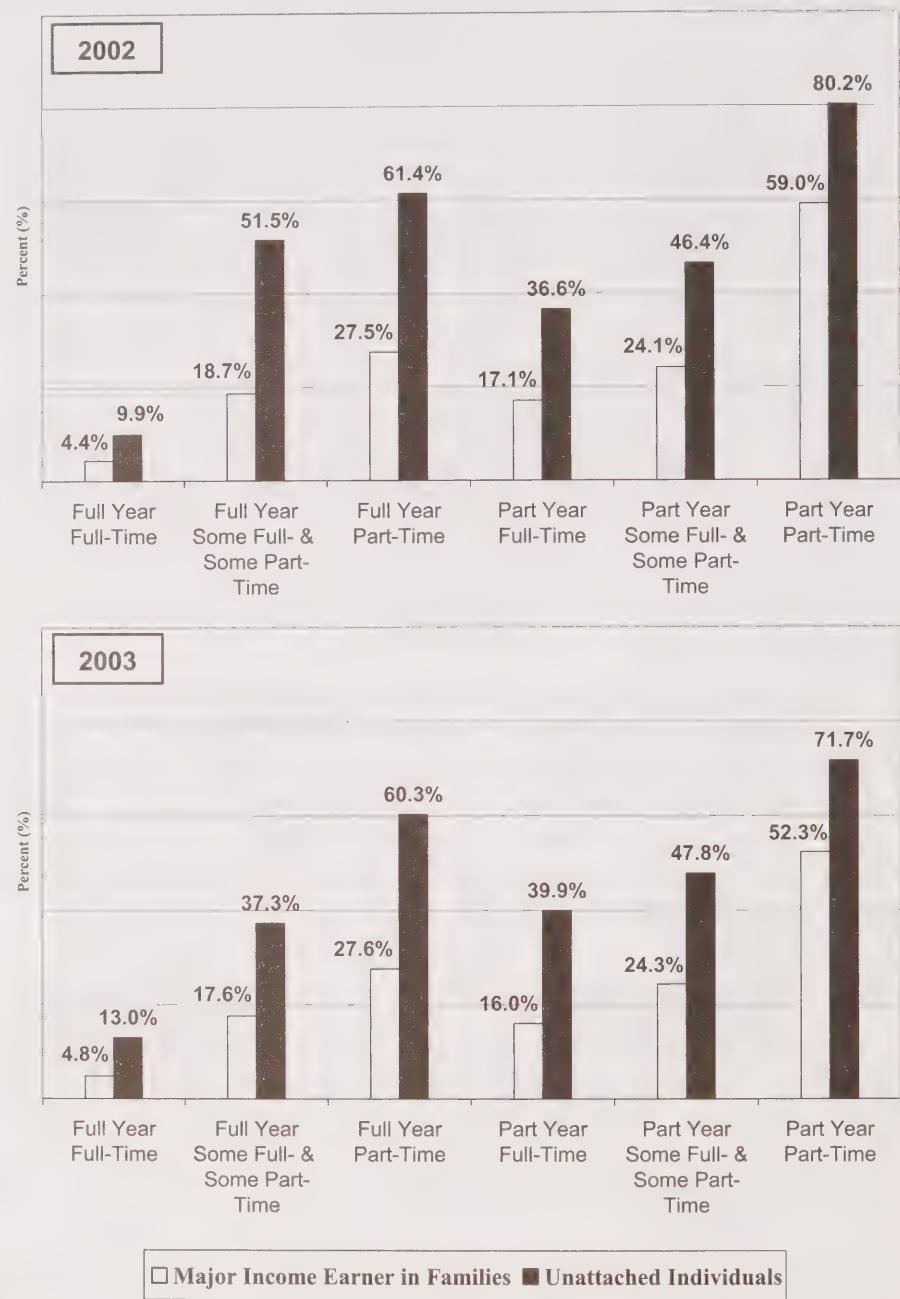
One part of the problem, of course, is not enough full-time jobs, and another part of the problem is too many jobs with very low wages. Figures 7.7 and 7.8 examine the work patterns of poor Canadians in terms of full-time and part-time jobs and full-year and part-year jobs. Table 7.1 that follows the two figures has detailed information on the wages earned by workers with different work patterns.

### Full-Time / Full Year Job

Statistics Canada considers a full-time job one that provides 30 hours a week or more of work. A full-year job is one that lasts at least 49 weeks a year.

The bars in Figure 7.7 begin with the three different combinations of full-year work, followed by the three different combinations of part-year work. The lowest poverty rates go along with the most amount of work: full-time work that lasts the entire year. The poverty rate for families with the major income earner working full year and full time was 4.4 percent in 2002 and 4.8 percent in 2003. The comparable rate for unattached individuals was 9.9 percent in 2002 and 13 percent in 2003. The highest poverty rates were for families and unattached persons with part-year, part-time work. In fact, their poverty rates were anywhere from 5.5 times to 13 times as high as poverty rates for those working full-year, full-time in 2002-2003.

**Figure 7.7: Poverty Rates and Work Patterns, 2002 and 2003**



The pies in Figure 7.8 show that among those who did work during the year, the largest slices of the pie were for family units with full-year, full-time work. The group with the highest poverty rates, part-year and part-time work, was one of the smallest in terms of numbers.

**Figure 7.8: Distribution of Poor Unattached Individuals Under 65 and Major Income Earners in Families Under 65 by Work Patterns, 2002 and 2003**

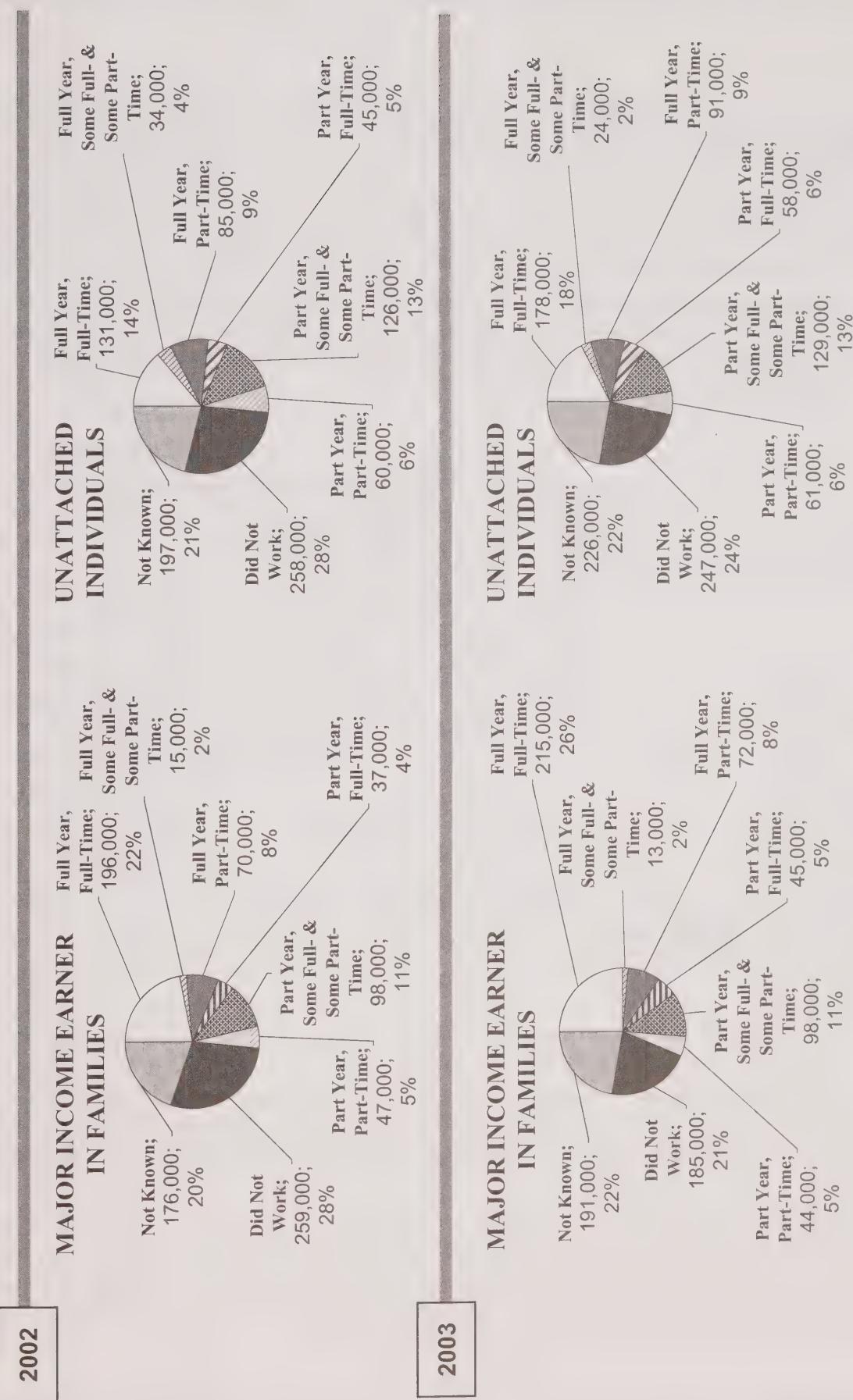


Table 7.1 displays average earnings for each of the six types of work shown in the last two figures. It clearly shows that even a full-year, full-time job may not pay enough to avoid poverty.

Average family earnings ranged from a high of \$17,288 in 2002 and \$16,333 in 2003 for poor families with a full-year worker who did full-time work to a low of \$8,375 in 2002 and \$6,403 in 2003 for poor families with a part-year, part-time worker.

Among unattached individuals, the range in 2002 was from \$10,643 for a full-year worker with a mixture of full-time and part-time work to \$4,395 for a part-year, part-time worker. In 2003, the range was from \$9,522 for a full-year, full-time worker to \$3,904 for a part-year, part-time worker.

TABLE 7.1: AVERAGE FAMILY EARNINGS BY WORK PATTERNS OF MAJOR INCOME EARNERS IN FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 2002 AND 2003

	Poor Families		Poor Unattached Individuals	
	2002	2003	2002	2003
Full Year, Full-Time	\$17,288	\$16,333	\$9,302	\$9,522
Full Year, Some Full-Time and Some Part-Time	\$15,884	\$14,577	\$10,643	\$8,726
Full Year, Part-Time	\$10,105	\$10,028	\$7,871	\$5,142
Part Year, Full-Time	\$12,006	\$11,036	\$7,514	\$7,115
Part Year, Some Full-Time and Some Part-Time	\$10,510	\$10,822	\$7,702	\$7,771
Part Year, Part-Time	\$8,375	\$6,403	\$4,395	\$3,904

Some of the wage rates suggested by annual earnings in the table are very low. A person must work at least 30 hours a week for 49 weeks to qualify as a full-year, full-time worker under the definition used by Statistics Canada. That means a minimum of 1,470 hours of work a year.

The unattached individuals in Table 7.1 with full-year, full-time work must have been at the very bottom of the pay scale in 2002-2003. Average earnings of \$9,522 in 2003 for unattached individuals were the equivalent of \$6.48 an hour - less than the minimum wage in some provinces. Families did somewhat better. Average family earnings of \$16,333 in 2003 were the equivalent of \$11.11 an hour for 1,470 hours.

## THE WORKING POOR

Finally, we look at the low-wage poor or working poor using a methodology adopted many years ago by the National Council of Welfare. It defines the low-wage poor as families and unattached individuals under 65 who get more than 50 percent of their total income from earnings. This definition sidesteps the issues of work patterns and wage rates and simply focuses on poor people with a heavy reliance on paid jobs to pay for the necessities of life.

Using this definition, there were 410,000 families and 532,000 unattached individuals who made up the working poor in 2002. In 2003 there were 409,000 working poor families and 582,000 unattached individuals. That worked out to 46 percent of poor families under 65 in 2002 or 47 percent in 2003, and 57 percent of poor unattached individuals in both 2002 and 2003. For the purpose of these calculations, poor people who were completely unable to work during the year are excluded.

Table 7.2 provides further information about the low-wage poor within five common family types under age 65. The first two rows of the table give the number of poor family units and the number deemed to be low-wage poor. The third row gives the percentage of low-wage poor compared to all the poor within each family type. For example, in 2003, the percentage of low wage poor ranged from 25 percent of poor single-parent mothers to 59 percent of poor unattached women under 65.

The low percentage of single-parent mothers stands out from the rest in both 2002 and 2003. This is partly due to the fact that there is rarely more than one earner in poor single-parent families. It is also a reflection of parental responsibilities that keep a number of single-parent mothers out of the paid labour force.

The next three rows of the table show the average earnings of each family type, average income from other sources, and average total income. It is clear from the dollar figures that earnings are a highly significant source of income for the low-wage poor, far eclipsing all other sources of income. Other sources of income for unattached men and women and couples without children were very small in 2002 and 2003, probably not much more than the federal GST/HST credit and some provincial tax credits. The other sources of income for the families with children were substantially higher. Much of the total relates to federal and provincial child benefits.

The bottom row gives the percentage of earnings compared to income from all sources. For example, in 2003, 89 percent of the income for poor unattached men and women came from earnings, 81 percent for couples without children, 72 percent for two-parent families, and 66 percent for single-parent mothers. Although the definition of low-wage poor required family units to have at least 50 percent of their incomes from earnings, the percentages on average were much higher than 50 percent.

TABLE 7.2: POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65  
WITH HALF OR MORE OF THEIR TOTAL INCOME FROM EARNINGS,  
2002 AND 2003

	Unattached Men	Unattached Women	Couples Without Children	Two-Parent Families	Single- Parent Mothers
<b>2002</b>					
Number of Poor Families or Unattached Individuals	493,000	443,000	170,000	294,000	257,000
Number with Earnings of 50% or More of Total Income	275,000	257,000	84,000	173,000	58,000
Percentage with Earnings of 50% or More	56%	58%	49%	59%	23%
Average Annual Earnings	\$10,115	\$8,791	\$12,725	\$20,797	\$13,896
Average Income from Other Sources	\$1,110	\$960	\$2,335	\$7,522	\$6,957
Average Total Income	\$11,225	\$9,751	\$15,060	\$28,319	\$20,853
Earnings as Percentage of Total Income	90%	90%	84%	73%	67%
<b>2003</b>					
Number of Poor Families or Unattached Individuals	540,000	474,000	152,000	287,000	240,000
Number with Earnings of 50% or More of Total Income	302,000	281,000	88,000	165,000	59,000
Percentage with Earnings of 50% or More	56%	59%	58%	57%	25%
Average Annual Earnings	\$8,804	\$9,219	\$10,945	\$20,080	\$14,074
Average Income from Other Sources	\$1,100	\$1,163	\$2,565	\$7,648	\$7,260
Average Total Income	\$9,904	\$10,382	\$13,510	\$27,728	\$21,334
Earnings as Percentage of Total Income	89%	89%	81%	72%	66%

## VIII. A CLOSER LOOK AT WOMEN, CHILDREN AND SENIORS

This chapter takes a closer look at three groups of special interest to the National Council of Welfare: women, children and seniors.

Women traditionally have higher poverty rates than men, and the differences often arise from the disadvantages women face in the paid labour force and the disproportionately large responsibilities they have for the care of children.

Children have been a concern because of the importance of early childhood development and the effects of child poverty that can last a lifetime. Members of the House of Commons voted unanimously in 1989 to work to end child poverty by the turn of the century, but seldom looked for solutions beyond a gradual increase in child benefits.

Poverty rates for seniors collectively have plummeted over the years, but there are still deep and persistent pockets of poverty among certain groups of seniors that governments have not addressed. Government action is essential to the well-being of today's seniors, because many of them are living on fixed incomes and have limited financial options on their own.

### WOMEN

Most of the differences in the poverty rates between women and men can be explained by the very high poverty rates of three family types: single-parent mothers under 65, unattached women under 65 and unattached women 65 and older. The poverty rate for single-parent mothers was 52.2 percent in 2002 and 48.9 percent in 2003. These were some of the lowest rates in recent years, but still more than twice the poverty rate of 20.1 percent in 2002 and 20 percent in 2003 for single-parent fathers. The poverty rate for unattached women under 65 was 42.7 percent in 2002 and 42.8 percent in 2003 compared to 33 percent for unattached men under 65 in 2002 and 34.4 percent in 2003. The poverty rate for unattached women 65 and older was 41.8 percent in 2002 and 40.9 percent in 2003. This was substantially higher than the comparable rate of 32.7 percent for unattached senior men in 2002 and 31.6 percent in 2003.

Within families, the poverty rates for women and men are identical. That does not mean that all women and men have equal access to family income or family assets. The poverty statistics do not indicate financial clout within families. They simply measure whether total family income from all sources is above or below the poverty line.

When women and men are examined as persons rather than members of family units, there are distinct differences based on gender and age group. In 2002, the poverty rate for women 18 through 64 was 16.9 percent, and the comparable rate for men was 14.4 percent - a difference of 2.5 percentage points. The poverty rate for women 65 and older was 20.1 percent and the rate for men was 10.5 percent - a difference of 9.6 percentage points.

Similarly, in 2003, the poverty rate for women 18 through 64 was 16.5 percent, two percentage points higher than the rate for men, 14.5 percent. For senior women, the poverty

rate was 19.1 percent compared to 10.2 percent for men 65 and older, a difference of 8.9 percentage points.

Table 8.1 provides the poverty rates for women and men back to 1980. It confirms that the differences between the sexes have been long-standing and particularly sharp in the case of senior women and men. The table also shows the ratio of poverty rates, women to men. A ratio of 1.33, for example, means that the poverty rate for women was 33 percent higher than the rate for men.

TABLE 8.1: POVERTY RATES FOR WOMEN AND MEN, 1980-2003

	Women 18-64	Men 18-64	Ratio of Poverty Rates	Women 65 and Older	Men 65 and Older	Ratio of Poverty Rates
1980	15.2%	11.4%	1.33	40.0%	26.4%	1.52
1981	14.8%	11.3%	1.31	39.1%	26.0%	1.50
1982	15.9%	13.3%	1.20	36.6%	20.4%	1.79
1983	17.6%	14.8%	1.19	38.1%	22.6%	1.69
1984	17.9%	14.5%	1.23	35.8%	22.3%	1.61
1985	16.8%	13.6%	1.24	34.4%	20.4%	1.69
1986	15.9%	12.8%	1.24	32.3%	19.5%	1.66
1987	15.6%	12.5%	1.25	31.1%	17.5%	1.78
1988	14.8%	11.3%	1.31	32.6%	16.6%	1.96
1989	13.8%	10.4%	1.33	29.0%	14.1%	2.06
1990	16.2%	12.7%	1.28	27.5%	14.0%	1.96
1991	17.3%	14.4%	1.20	28.3%	14.3%	1.98
1992	18.4%	15.8%	1.16	27.7%	13.2%	2.10
1993	19.1%	15.9%	1.20	29.5%	15.4%	1.92
1994	19.2%	16.1%	1.19	26.3%	10.9%	2.41
1995	19.4%	17.0%	1.14	25.5%	11.5%	2.22
1996	20.8%	18.2%	1.14	26.3%	13.0%	2.02
1997	20.9%	17.7%	1.18	25.9%	13.1%	1.98
1998	19.0%	16.3%	1.17	24.8%	12.6%	1.97
1999	17.8%	15.6%	1.14	21.9%	10.1%	2.17
2000	17.3%	14.2%	1.22	21.5%	10.3%	2.09
2001	16.3%	13.8%	1.18	19.1%	9.8%	1.95
2002	16.9%	14.4%	1.17	20.1%	10.5%	1.91
2003	16.5%	14.5%	1.14	19.1%	10.2%	1.87

The gap in poverty rates between women and men who are under age 65 still exists, but it has narrowed over the years. The widest gap was back in 1980, when the poverty rate for women under 65 was 15.2 percent and the rate for men was 11.4 percent. The difference in rates was 3.8 percentage points, and the women to men ratio of poverty rates was 1.33 or 33 percent higher for women. The ratio of 1.33 also occurred in 1989. Most of the ratios in recent years have been relatively small. The smallest gaps were in 1995, 1996, 1999 and 2003 when the ratio was 1.14 or 14 percent higher for women.

The situation is much different for women and men 65 and older. The ratios between the poverty rates for women and men were as low as 1.50 in the early 1980s. The gap increased in the mid- and late 1980s, but has been declining slowly since 2000. In 2003, the ratio was 1.87 or 87 percent higher for women.

For couples under 65, one fact that deserves special mention is the role of women's earnings in keeping their families out of poverty. To get a better idea of the financial contribution of women, the National Council of Welfare asked Statistics Canada to subtract the earnings of women from the total incomes of two-parent families and married couples without children, and to calculate hypothetical poverty statistics using the lowered family incomes. The calculations are hypothetical because we assumed that the families did not make any adjustments in their finances or work arrangements to try to make up the lost family income.

Table 8.2 shows four different kinds of families, the number of poor families with and without the earnings of women, and the poverty rates with and without the earnings of women. For example, the number of poor two-parent families with children under 18 would have nearly quadrupled from 126,000 to 485,000 without the earnings of women in 2002, and the poverty rate would have jumped from 5.3 percent to 20.2 percent. In 2003, the number of poor two-parent families would have increased from 157,000 to 522,000. That would have meant a jump in the poverty rate from 6.4 percent to 21.2 percent. All the other changes shown in the table are also quite dramatic.

TABLE 8.2: POVERTY AMONG COUPLES UNDER 65 WITH AND WITHOUT THE EARNINGS OF WOMEN, 2002 AND 2003

	Number of Poor Families		Poverty Rate	
	With Women's Earnings	Without Women's Earnings	With Women's Earnings	Without Women's Earnings
<b>2002</b>				
Two-Parent Families Under 65 with Children Under 18	126,000	485,000	5.3%	20.2%
Two-Parent Families Under 65 with at Least One Child Under 6	52,000	169,000	5.4%	17.7%
Two-Parent Families Under 65 with All Children 6-17	74,000	316,000	5.1%	21.9%
Couples Under 65 Without Children	113,000	434,000	4.9%	18.6%
<b>2003</b>				
Two-Parent Families Under 65 with Children Under 18	157,000	522,000	6.4%	21.2%
Two-Parent Families Under 65 with at Least One Child Under 6	68,000	204,000	6.7%	20.3%
Two-Parent Families Under 65 with All Children 6-17	89,000	319,000	6.1%	21.9%
Couples Under 65 Without Children	112,000	434,000	4.8%	18.8%

All in all, losing the earnings of women would have added hundreds of thousands of families to the poverty rolls in 2002 and 2003, and it would have transformed poverty rates that were tolerably low into rates that were unacceptably high.

## CHILDREN

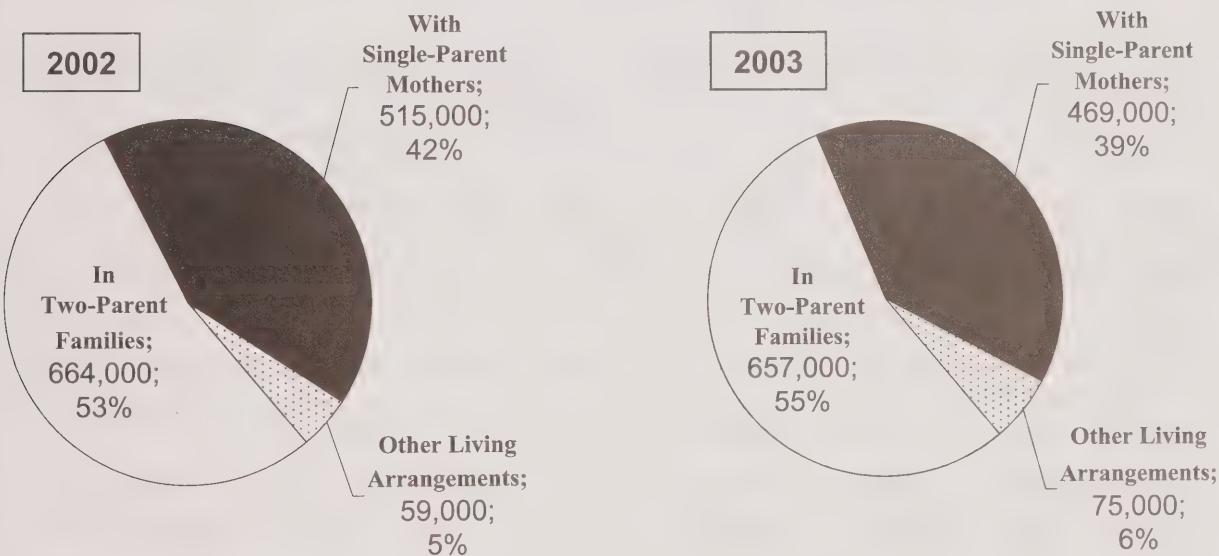
Child poverty rates are a function of the poverty rates of their families. The most striking difference year after year is the difference between the poverty rate for children in two-parent

families and the rate for children living with single-parent mothers. The poverty rate for single-parent mothers has typically been among the highest of any family type, although the rate has been coming down in recent years.

Children in two-parent families had a poverty rate of 11.8 percent in 2002 and 2003. This was much lower than the poverty rates for children in single-parent families. The poverty rate for children living with single-parent mothers was 55.7 percent in 2002 and 52.5 percent in 2003. Over the years, the poverty rate for children living with single-parent mothers has been roughly four to six times the poverty rate for children living in two-parent families. In 2003, the rate for children living with single-parent mothers was 4.4 times higher.

One of the myths about child poverty is that since single-parent families have high poverty rates, most poor children must live in single-parent families. That has never been the case for any of the years on record. The largest number of poor children has always been the number living in two-parent families. Figure 8.1 gives the distribution of poor children by family type in 2002 and 2003.

**Figure 8.1: Poor Children by Family Type, 2002 and 2003**



There were 664,000 poor children living in two-parent families in 2002, and they represented 53 percent of all poor children. The next largest group was the 515,000 poor children living with single-parent mothers or 42 percent of all poor children. There were 59,000 poor children in other types of living arrangements.

The pattern repeated itself in 2003. There were 657,000 poor children living in two-parent families, making up 55 percent of all poor children. The next largest group was the 469,000

children living with single-parent mothers or 39 percent of all poor children. Seventy-five thousand poor children were in other types of living arrangements.

There are also significant differences in child poverty from province to province and by family type from province to province. Table 8.3 gives the details for all poor children, poor children living in two-parent families and poor children living with single-parent mothers.

The overall child poverty rate in 2002 was 18 percent, and provincial child poverty rates ranged from 12.4 percent in Prince Edward Island to 24.2 percent in British Columbia. The national rate for children living in two-parent families was 11.8 percent, with a range from 8.2 percent in New Brunswick to 18.2 percent in Newfoundland and Labrador. Children living with single-parent mothers had a national poverty rate of 55.7 percent, from a low of 33.3 percent in Prince Edward Island to a high of 65.1 percent in Saskatchewan.

In 2003, the overall child poverty rate dropped slightly to 17.6 percent. Provincial child poverty rates ranged from 11.3 percent in Prince Edward Island to 23.9 percent in British Columbia. The national poverty rate for children living in two-parent families stayed about the same at 11.9 percent, ranging from 7.3 percent in Prince Edward Island to 18.9 percent in Manitoba. For children living with single-parent mothers, the national poverty rate fell to 52.5 percent. Provincial rates ranged from 33.3 percent in Prince Edward Island to 66.1 percent in Newfoundland and Labrador.

Between 2002 and 2003, most of the overall child poverty rates in most provinces were down slightly. The overall child poverty rate was up slightly in Nova Scotia, New Brunswick and Alberta. The national decrease was driven by the overall decrease in poverty rates for children living with single-parent mothers. The rate for children living with single-parent mothers was up only in Newfoundland and Labrador, New Brunswick, Alberta and British Columbia. Poverty rates for children in two-parent families were up in six provinces and down slightly in Newfoundland and Labrador, Prince Edward Island, Ontario and British Columbia.

Over the years, child poverty rates have normally been higher than the national average in Newfoundland and Labrador, Quebec and Manitoba and lower than average in Prince Edward Island and Ontario. Rates in the other five provinces have been mixed.

The highest ever rate since the current series of poverty statistics began in 1980 was 32 percent in Newfoundland and Labrador in 1983, and the lowest was 10.7 percent in British Columbia in 1980 - close, but not quite into single digits.

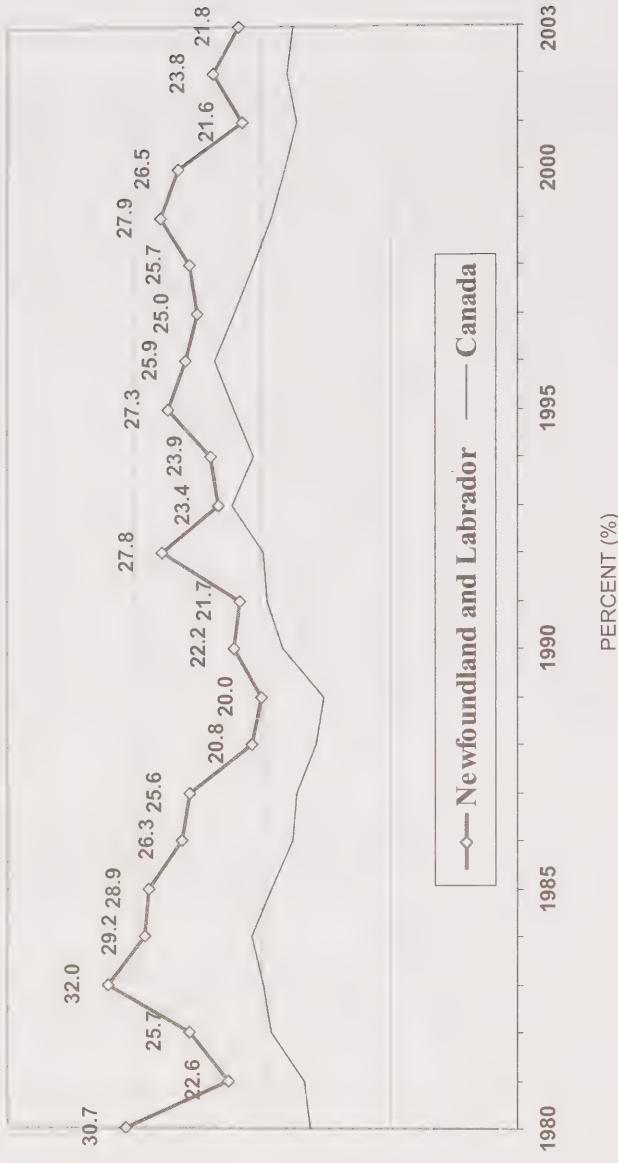
Figures 8.2 through 8.11 plot the poverty rates for all children by province from 1980 through 2003. The lines marking the provincial rates in each figure are accompanied by the poverty rates year by year. The lines without numbers are the national rates.

TABLE 8.3: CHILD POVERTY BY PROVINCE AND FAMILY TYPE, 2002 AND 2003

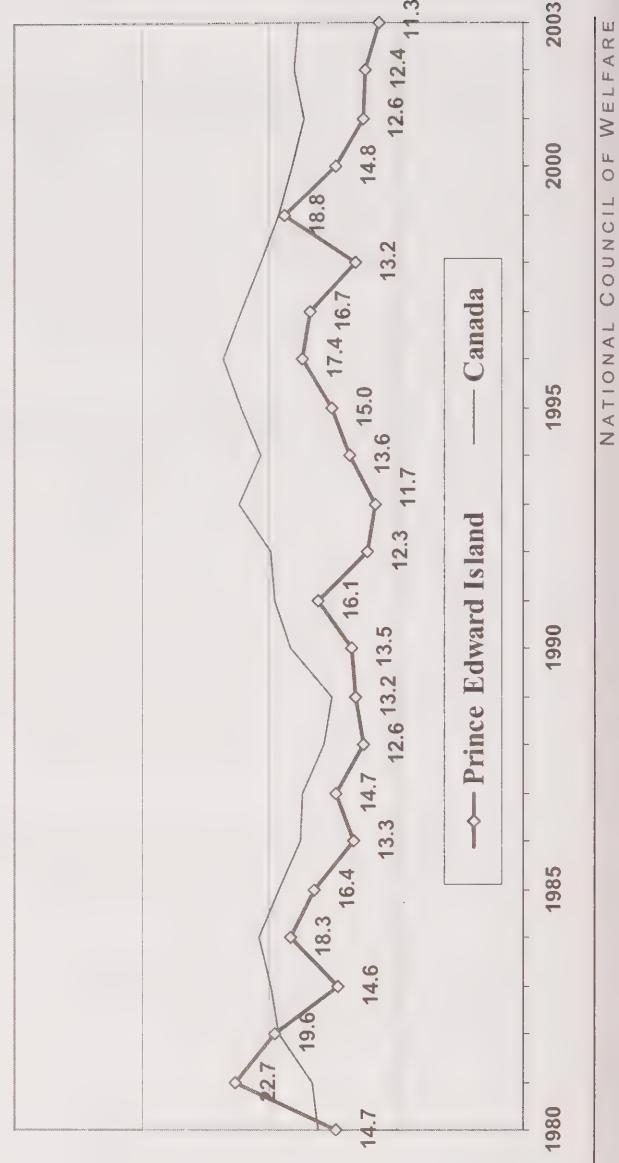
	All Poor Children		Poor Children in Two-Parent Families		Poor Children with Single-Parent Mothers	
	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate
<b>2002</b>						
Newfoundland and Labrador	25,000	23.8%	16,000	18.0%	9,000	59.6%
Prince Edward Island	4,000	12.4%	--	8.2%	--	33.3%
Nova Scotia	40,000	20.5%	17,000	11.1%	18,000	60.4%
New Brunswick	26,000	16.9%	10,000	8.3%	14,000	61.7%
Quebec	271,000	17.7%	131,000	10.8%	123,000	54.4%
Ontario	454,000	16.4%	256,000	11.1%	180,000	54.3%
Manitoba	59,000	22.7%	37,000	17.4%	19,000	55.3%
Saskatchewan	46,000	20.3%	19,000	10.8%	24,000	65.1%
Alberta	107,000	14.5%	71,000	11.2%	36,000	46.9%
British Columbia	206,000	24.2%	104,000	15.6%	91,000	61.4%
<b>Canada</b>	<b>1,238,000</b>	<b>18.0%</b>	<b>664,000</b>	<b>11.8%</b>	<b>515,000</b>	<b>55.7%</b>
<b>2003</b>						
Newfoundland and Labrador	23,000	21.8%	10,000	12.2%	12,000	66.1%
Prince Edward Island	--	11.3%	--	7.2%	--	33.3%
Nova Scotia	40,000	20.7%	19,000	12.4%	17,000	51.9%
New Brunswick	26,000	17.3%	11,000	9.2%	14,000	64.1%
Quebec	254,000	16.7%	135,000	11.0%	99,000	46.2%
Ontario	443,000	16.1%	247,000	10.7%	175,000	52.2%
Manitoba	57,000	22.1%	40,000	18.8%	16,000	46.6%
Saskatchewan	40,000	18.3%	20,000	11.2%	18,000	49.0%
Alberta	114,000	15.6%	74,000	11.9%	38,000	50.9%
British Columbia	201,000	23.9%	101,000	15.1%	80,000	64.7%
<b>Canada</b>	<b>1,201,000</b>	<b>17.6%</b>	<b>657,000</b>	<b>11.8%</b>	<b>469,000</b>	<b>52.5%</b>

-- Sample size too small.

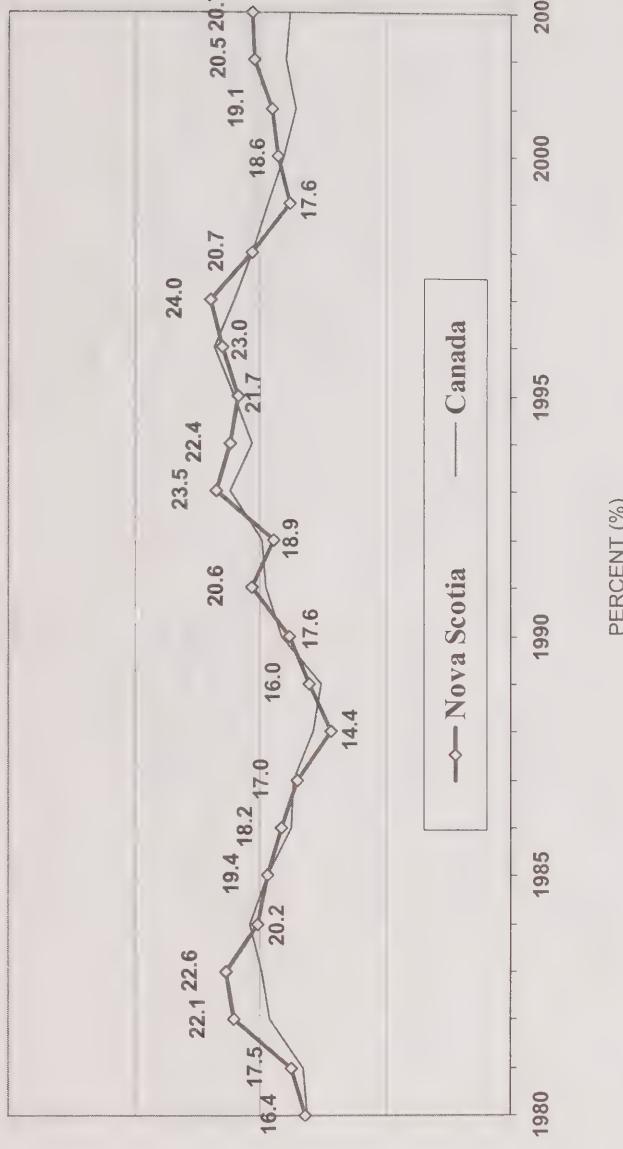
Use estimate in italics with caution (please refer to Appendix A for more information).



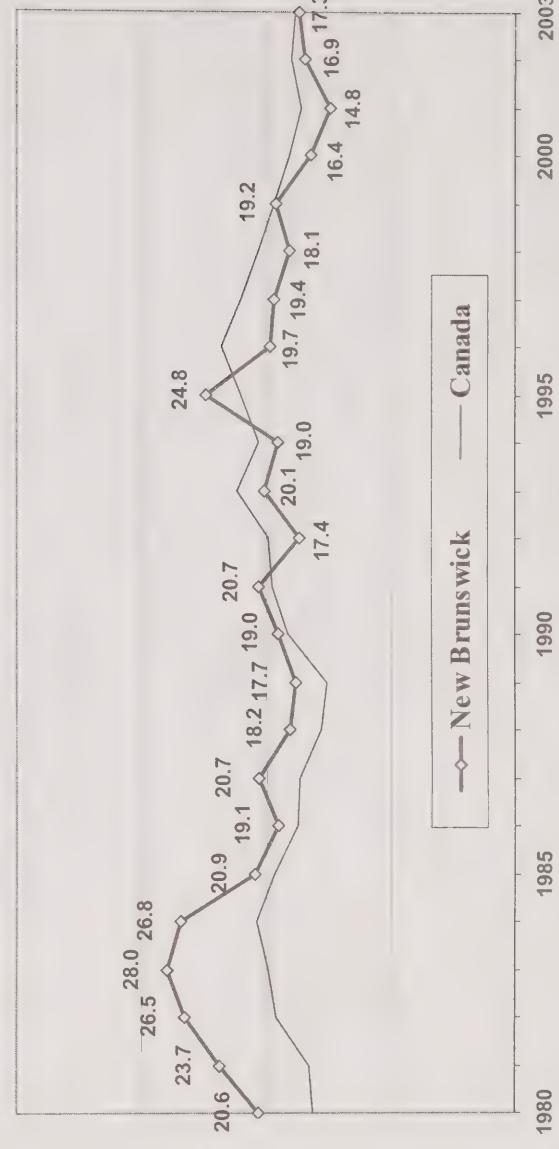
**Figure 8.2:**  
**Newfoundland and Labrador**



**Figure 8.3:**  
**Prince Edward Island**

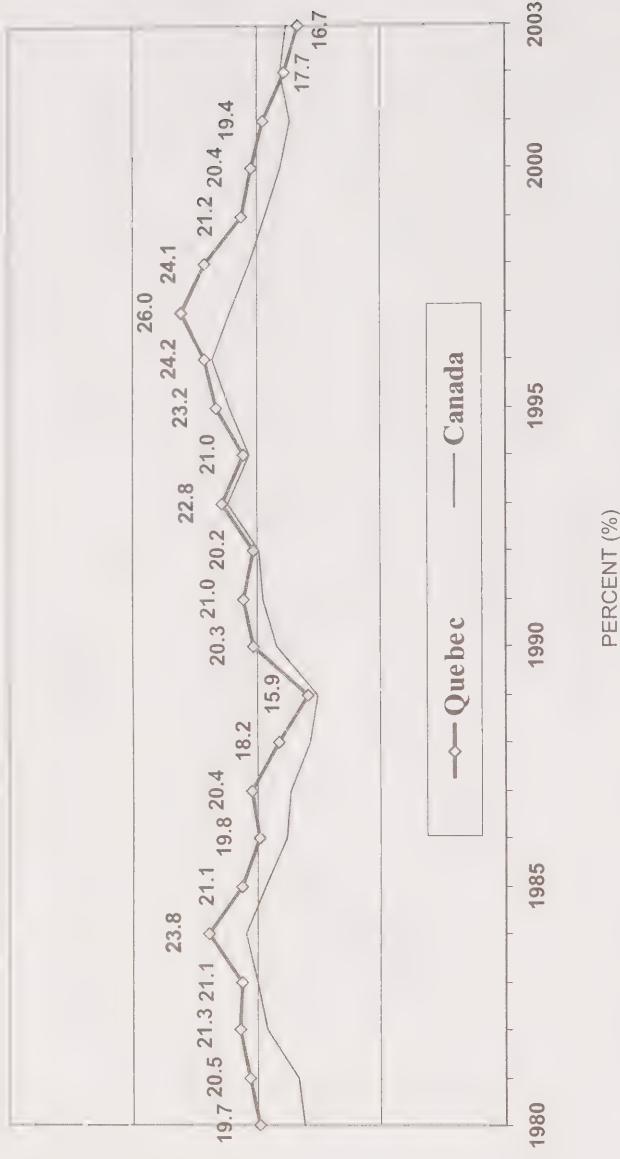


**Figure 8.4:**  
Nova Scotia

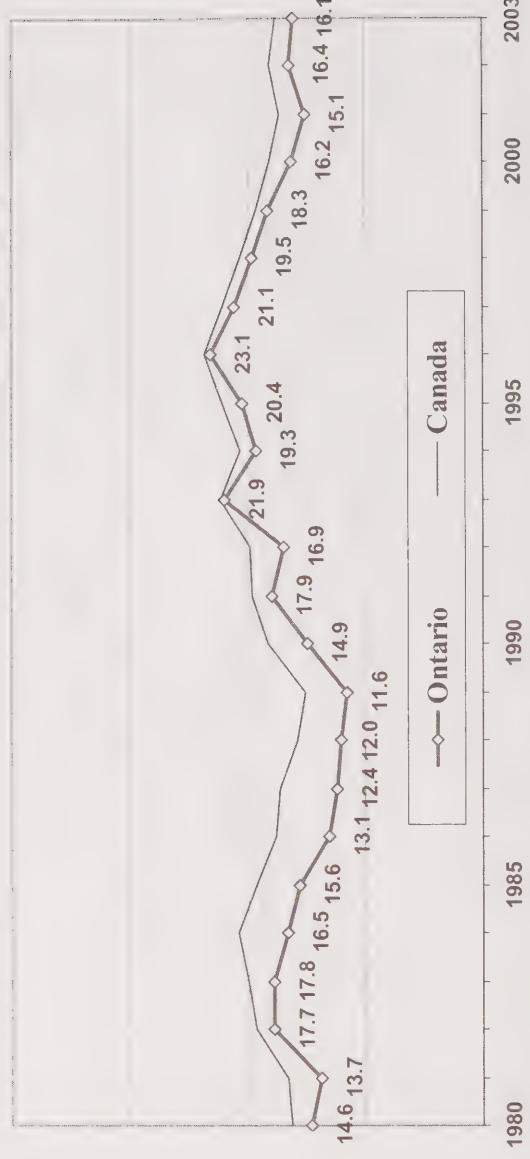


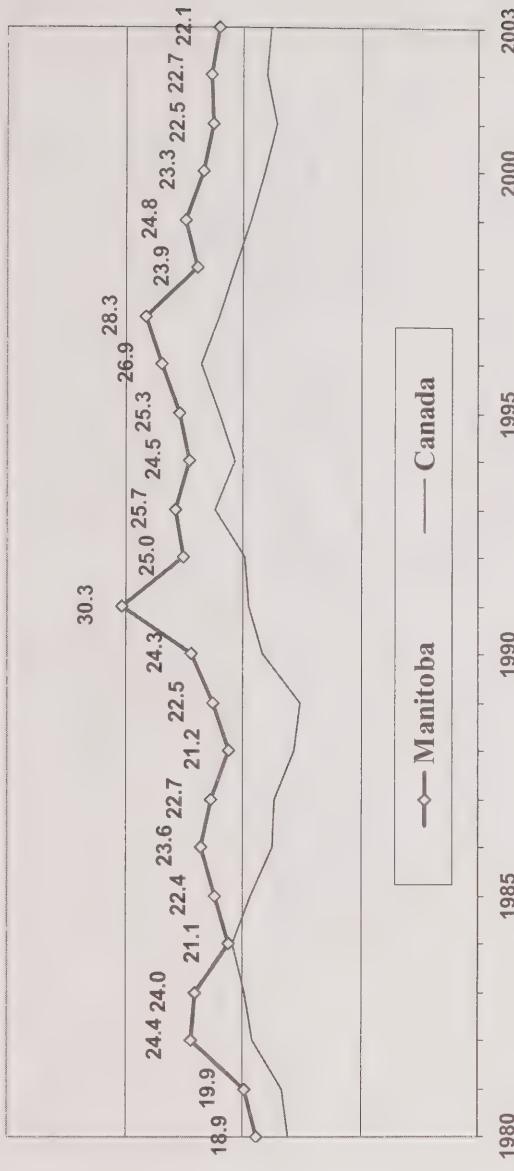
**Figure 8.5:**  
New Brunswick

**Figure 8.6:**  
**Quebec**

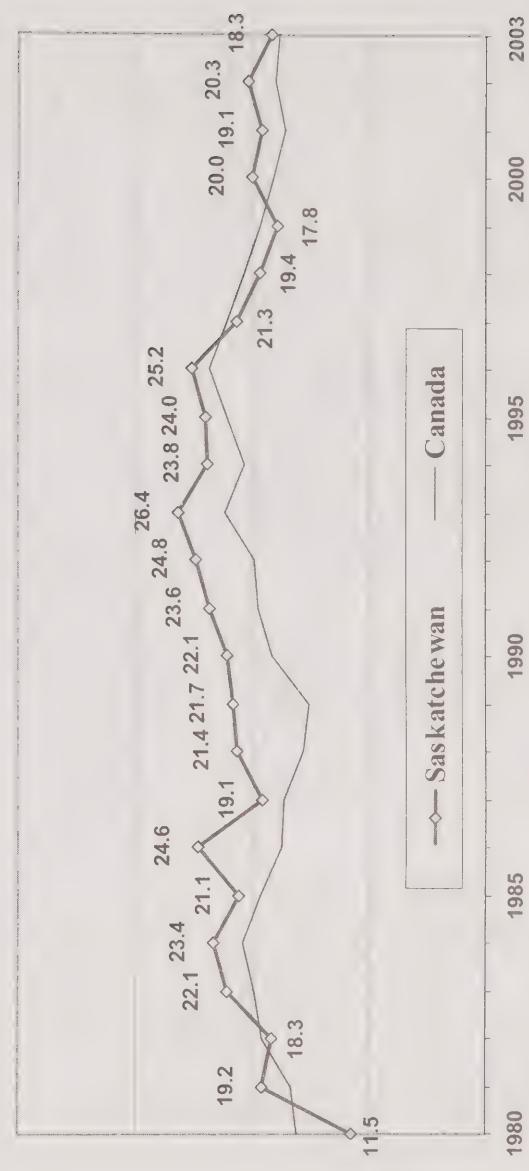


**Figure 8.7:**  
**Ontario**





**Figure 8.8:**  
Manitoba



**Figure 8.9:**  
Saskatchewan

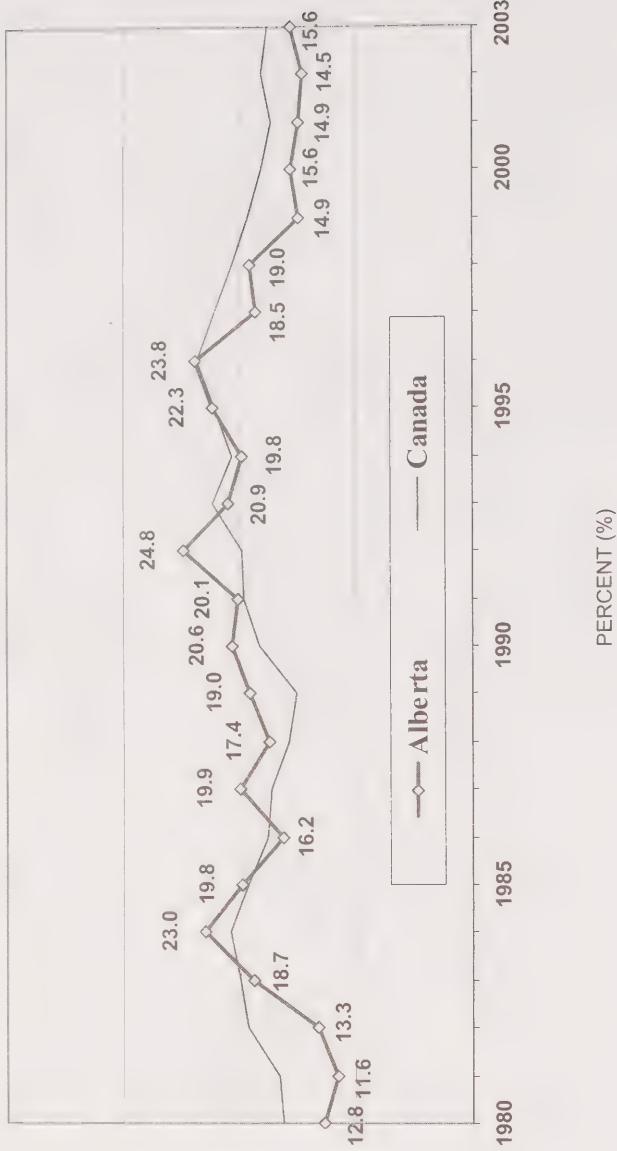
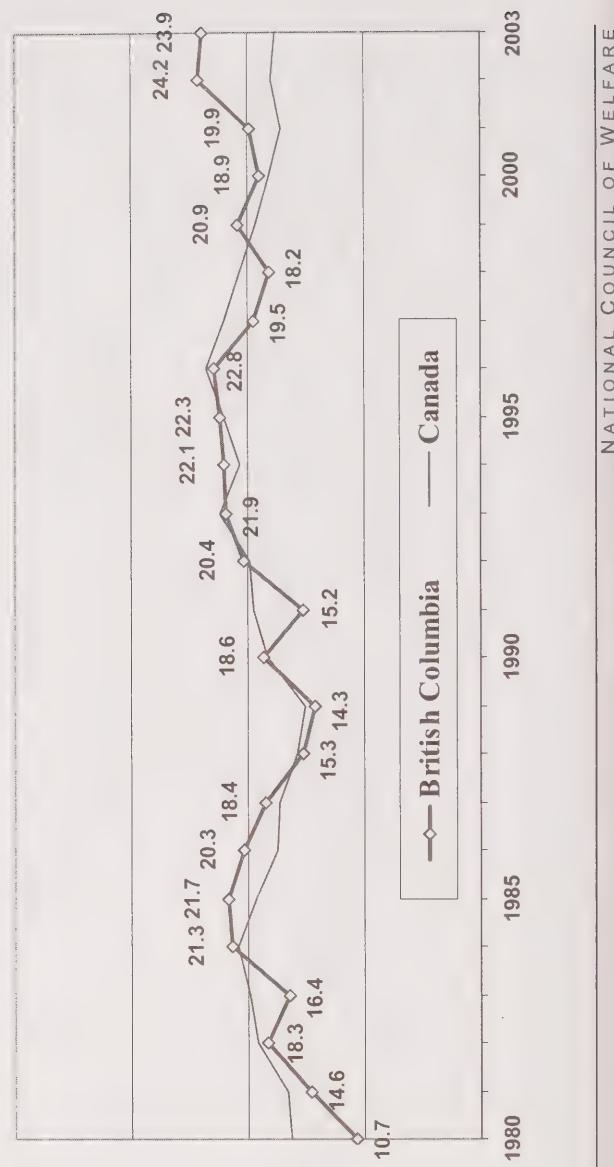


Figure 8.10:  
Alberta



## SENIORS

Poverty rates among seniors have improved greatly over the years, but substantial differences remain from province to province and between the sexes within provinces. Table 8.4 gives the 2002 and 2003 provincial rates for all persons 65 and older and also for senior women and men.<sup>1</sup>

Alberta had the lowest poverty rate for all seniors at 9.3 percent in 2002 and 9.6 percent in 2003. Quebec had the highest rate at 22 percent in 2002 while British Columbia's rate of 19.6 percent was the highest in 2003. Among women 65 and older, the range in 2002 was from 12.8 percent in Alberta to 28.1 percent in Quebec. In 2003, the range was 11.7 percent in Alberta up to 26.1 percent in Quebec. Among senior men, the lowest rate in 2002 was 5.3 percent in Alberta and the highest 15.7 percent in British Columbia. In 2003, rates ranged from seven percent in Alberta to 15.4 percent in British Columbia.

In all provinces, there was a notable difference between the rates for women and men. The smallest gap in 2002 was 7.4 percentage points in Ontario, and the largest was 14.3 percentage points in Quebec. In 2003, the gap was smallest in Newfoundland and Labrador at 4.4 percentage points and largest in Quebec at 15.3 percentage points.

Between 2002 and 2003, there was a mixture of increases and decreases in provincial poverty rates for seniors, but the overall movement was downwards.

The long-term trends for both senior women and men have been sharply downward, although the size of the drops seemed to be levelling off in recent years in many provinces. The trends for each province appear in Figures 8.12 through 8.21 on the pages that follow.

During the 24 years from 1980 through 2003, the highest provincial poverty rate for senior women was 58.1 percent in Prince Edward Island in 1980, and the highest rate for senior men was 40.9 percent in Prince Edward Island in 1980. The lowest rates were 11.7 percent for senior women in Alberta in 2003 and 3.5 percent for senior men in Alberta in 1999. It was not uncommon in many provinces to see poverty rates for senior women twice as high as rates for senior men.

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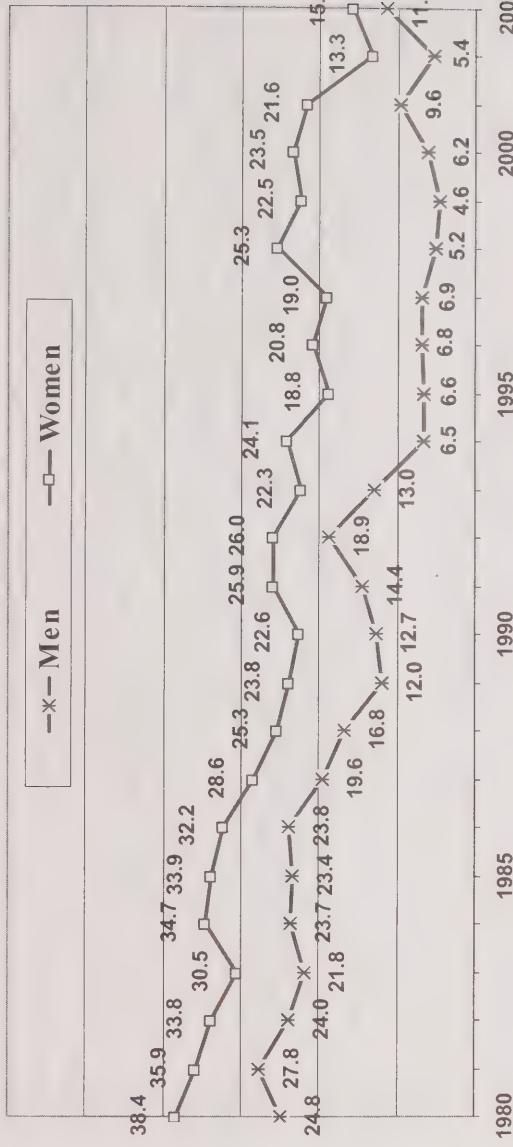
<sup>1</sup> Estimates of provincial poverty rates for men 65 and older are based on small sample sizes and should be used with caution.

TABLE 8.4: POVERTY AMONG SENIORS BY PROVINCE, 2002 AND 2003

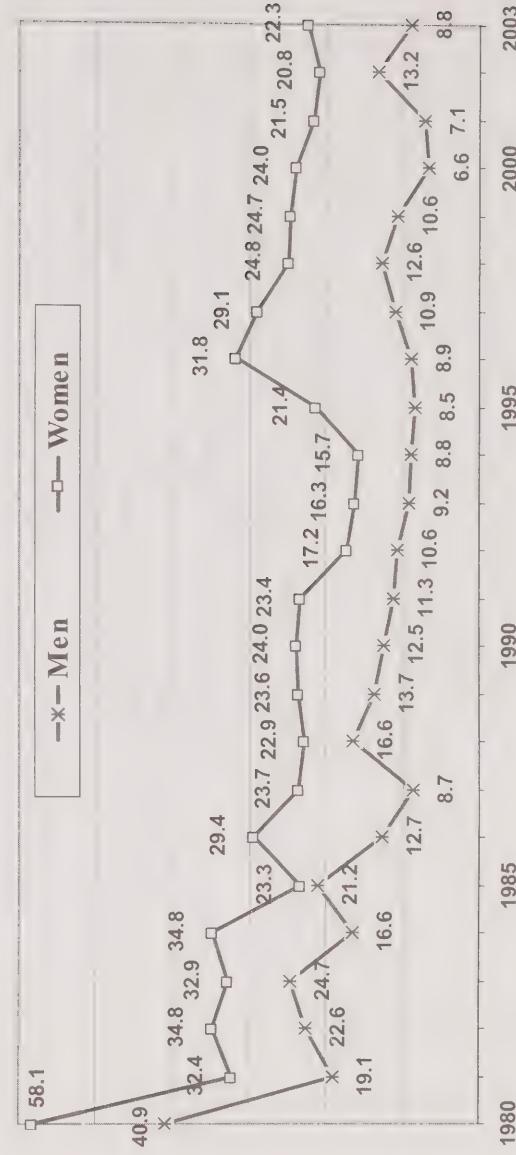
	All Poor Persons 65 and Older		Poor Women 65 and Older		Poor Men 65 and Older	
	Number of Poor Persons	Poverty Rate	Number of Poor Women	Poverty Rate	Number of Poor Men	Poverty Rate
<b>2002</b>						
Newfoundland and Labrador	6,000	9.7%	4,000	13.3%	--	5.4%
Prince Edward Island	3,000	17.5%	2,000	20.8%	--	13.2%
Nova Scotia	18,000	14.9%	13,000	18.4%	5,000	10.3%
New Brunswick	13,000	13.3%	9,000	17.2%	--	8.2%
Quebec	199,000	22.0%	146,000	28.1%	53,000	13.8%
Ontario	177,000	12.3%	125,000	15.6%	52,000	8.2%
Manitoba	26,000	17.6%	18,000	22.0%	7,000	11.9%
Saskatchewan	18,000	13.1%	13,000	17.1%	5,000	8.0%
Alberta	28,000	9.3%	21,000	12.8%	--	5.3%
British Columbia	105,000	20.3%	68,000	24.1%	37,000	15.7%
<b>Canada</b>	<b>592,000</b>	<b>15.8%</b>	<b>418,000</b>	<b>20.1%</b>	<b>174,000</b>	<b>10.5%</b>
<b>2003</b>						
Newfoundland and Labrador	9,000	13.8%	5,000	15.8%	--	11.4%
Prince Edward Island	3,000	16.3%	2,000	22.3%	--	8.8%
Nova Scotia	17,000	14.0%	12,000	16.8%	6,000	10.5%
New Brunswick	14,000	14.8%	10,000	18.8%	--	9.6%
Quebec	181,000	19.5%	138,000	26.1%	43,000	10.8%
Ontario	177,000	12.1%	121,000	14.9%	56,000	8.6%
Manitoba	27,000	18.5%	20,000	23.9%	7,000	11.5%
Saskatchewan	16,000	11.6%	11,000	14.3%	5,000	8.1%
Alberta	29,000	9.6%	19,000	11.7%	--	7.0%
British Columbia	104,000	19.6%	66,000	23.2%	37,000	15.4%
<b>Canada</b>	<b>577,000</b>	<b>15.1%</b>	<b>405,000</b>	<b>19.1%</b>	<b>172,000</b>	<b>10.2%</b>

-- Sample size too small.

Use estimate in italics with caution (please refer to Appendix A for more information).

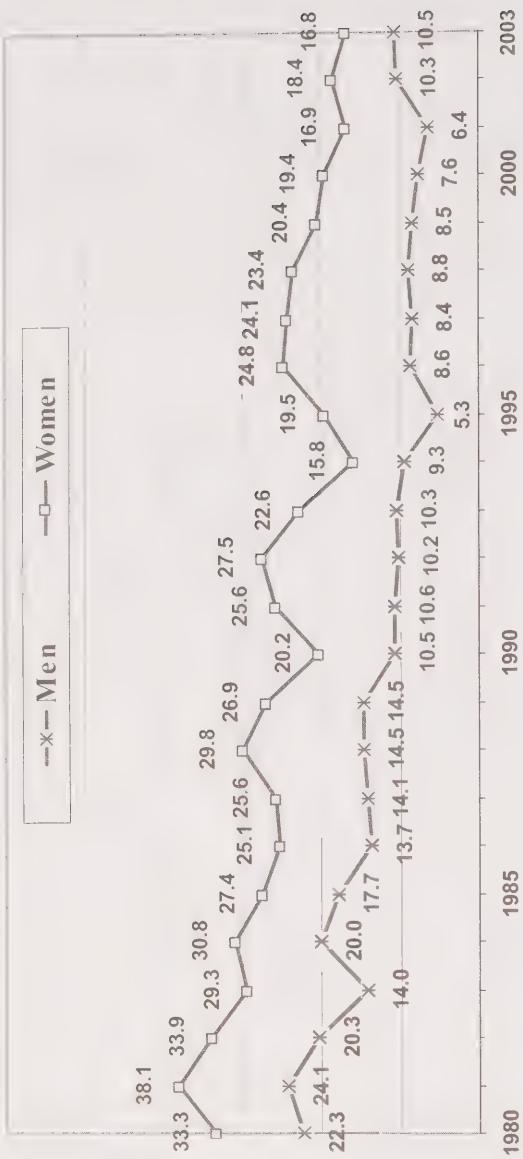


**Figure 8.12:**  
Newfoundland and  
Labrador

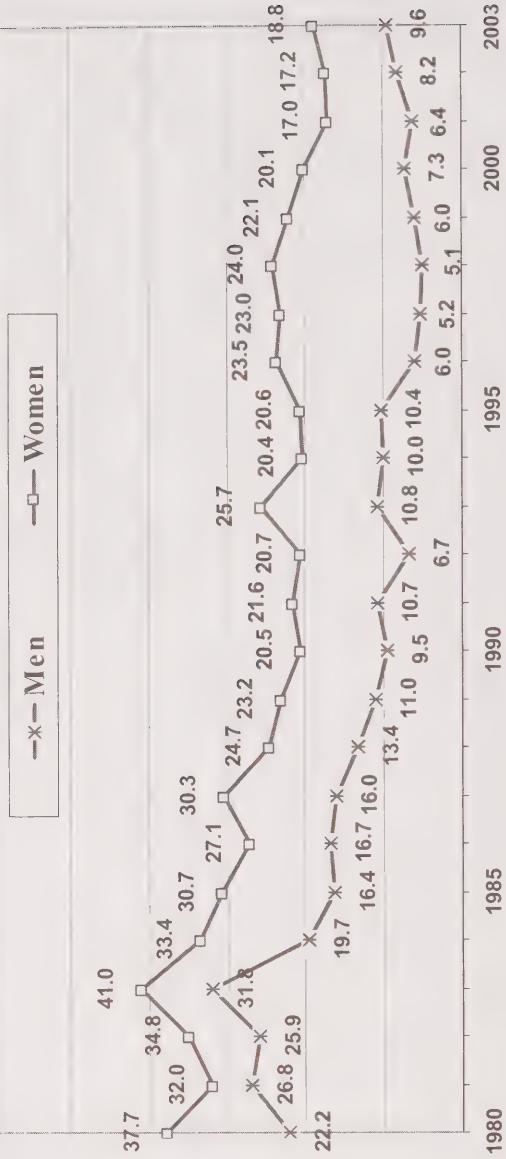


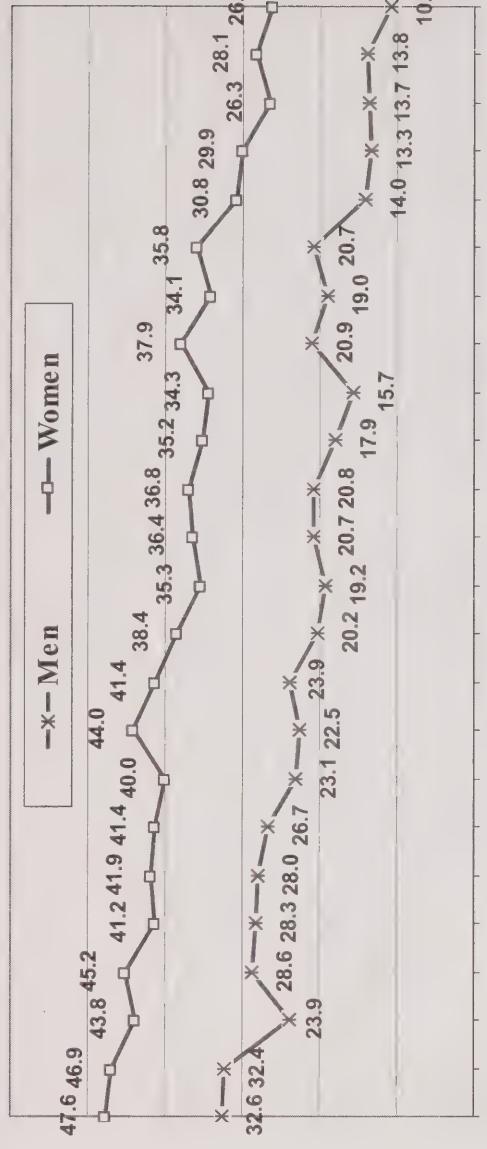
**Figure 8.13:**  
Prince Edward Island

**Figure 8.14:**  
**Nova Scotia**

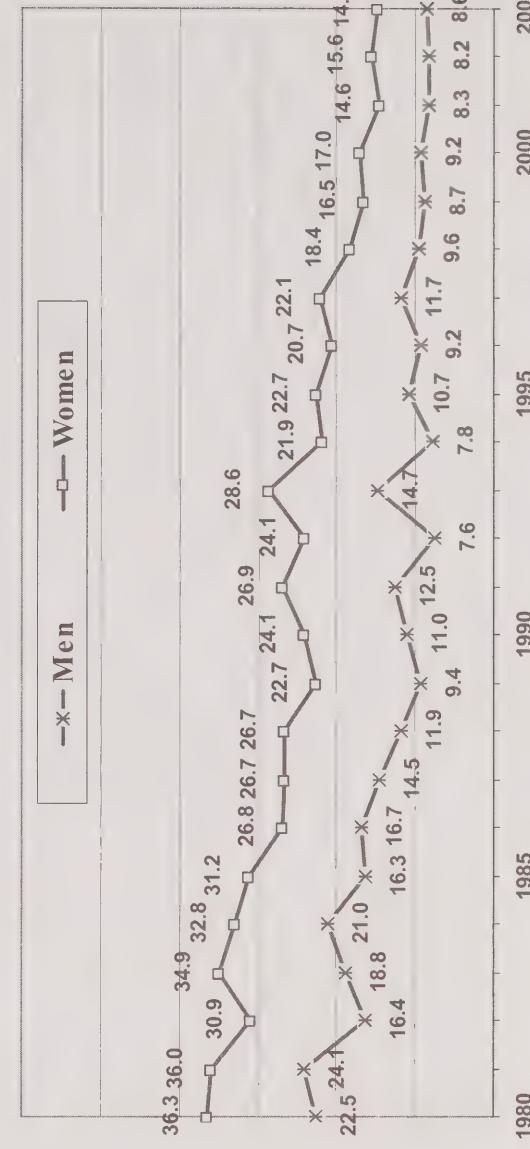


**Figure 8.15:**  
**New Brunswick**





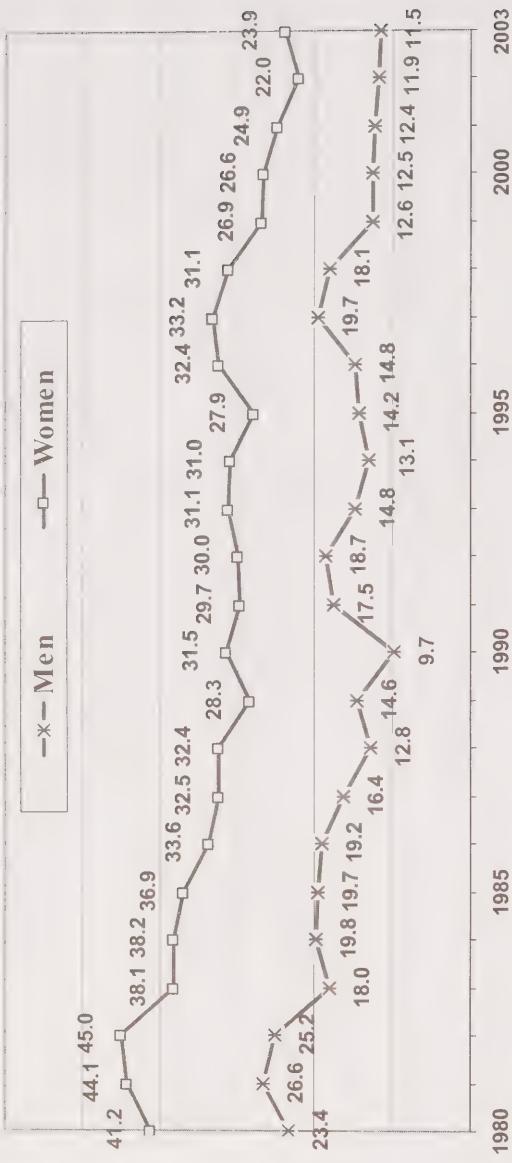
**Figure 8.16:**  
**Quebec**



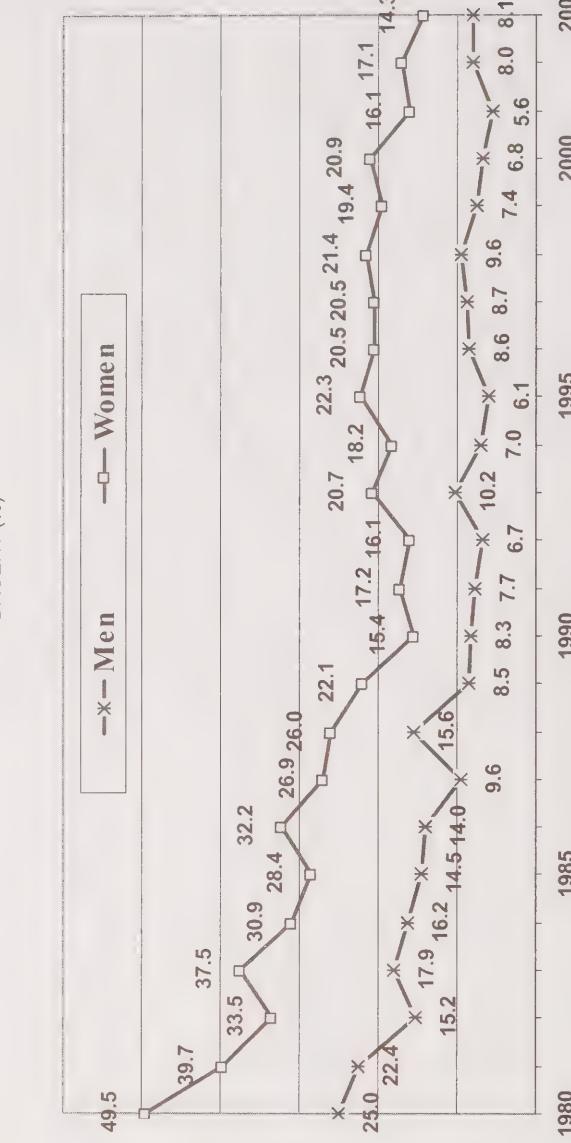
**Figure 8.17:**  
**Ontario**

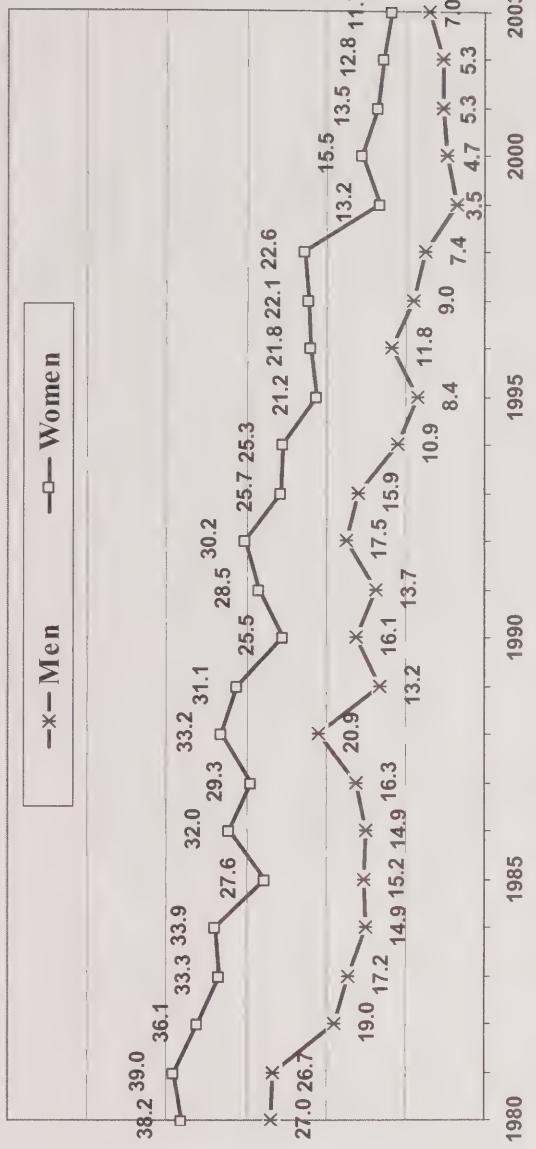
## Percent of Seniors in Poverty

**Figure 8.18:**  
**Manitoba**

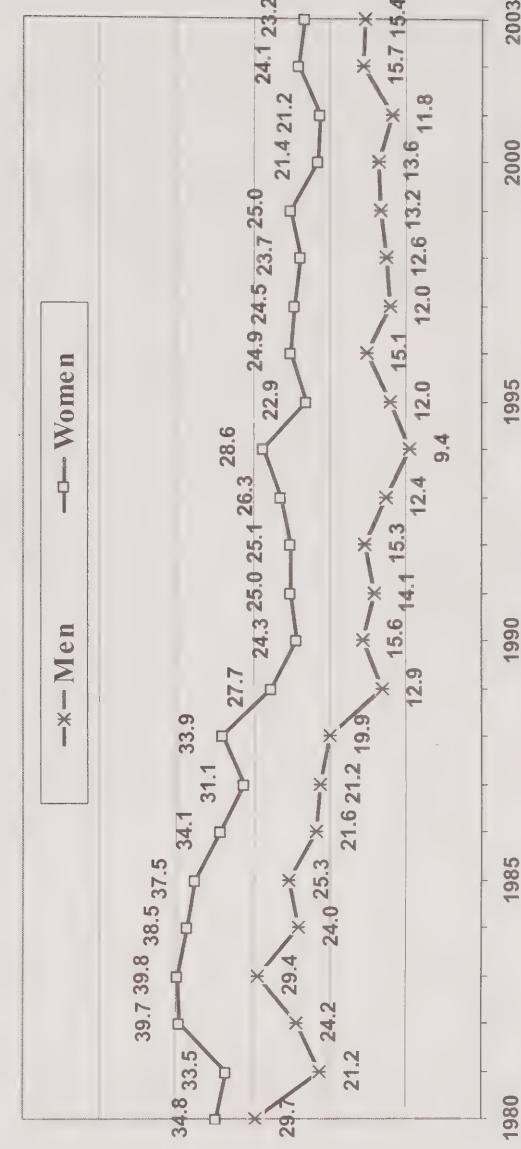


**Figure 8.19:**  
**Saskatchewan**





**Figure 8.20:**  
Alberta



**Figure 8.21:**  
British Columbia



## IX. POVERTY AND INEQUALITY

Many people wonder why poverty persists from year to year in a country as rich as Canada. The simple explanation is that the country's vast wealth is very poorly distributed. Literally millions of Canadians live on incomes that can best be described as meagre. At the same time, a relatively small portion of the population accounts for nearly half of all the country's personal income.

Statistics Canada publishes data every year showing the way income is distributed using three common measures: market income, total income (market income plus income from government transfer payments) and income after federal and provincial income taxes. All three measures show huge gaps between the very poor and the very rich.

Figure 9.1 shows the distribution of income in 2002 and 2003 using these three measures. All the families and unattached individuals in Canada were ranked by income from bottom to top and then divided into five groups of equal size or quintiles. Each quintile therefore represents 20 percent of all family units in Canada. In a mythical world where the distribution of income was absolutely equal, each 20 percent group would account for 20 percent of the income, and all the slices of the income pie would be exactly the same size.

The actual shares of income in Canada are anything but equal, as the pies in Figure 9.1 show. In all three pies, the poorest quintiles have a very small percentage of income, and the richest quintiles have the lion's share.

### What are quintiles?

Quintiles are a convenient way of categorizing families from lowest income to highest income in order to draw conclusions about the relative situation of people at either end or in the middle of the scale.

This chapter uses data for "all family units" unless otherwise specified. This includes all families and all unattached individuals. These were ranked from lowest to highest by the value of their after-tax income. These ranked units were divided into five equal groups of units, called quintiles.

Average income by quintile means the average income of the family units in each quintile. Keep in mind that family units include both families and unattached individuals.

Figure 9.1: Income Shares by Quintile and Income Type, All Family Units, 2002 and 2003



The first pie shows market income, or income from earnings, self-employment and other market sources such as savings and investments. The poorest 20 percent of family units had only two percent of all market income in 2002 or 2.2 percent in 2003, while the richest 20 percent of family units had just over half of all market income in both 2002 and 2003.

The situation is much the same when the measure used is total income, or market income plus transfer payments. Low-income people get much more help from governments than high-income people, so the share of the lowest quintile is slightly larger and the share of the highest quintile is slightly smaller. The distribution of total income among the five quintiles is still much the same as market income, however.

Federal and provincial income taxes in Canada are progressive, so the effective tax rate on the rich is substantially higher than the effective tax rate on the poor. Even so, income taxes do relatively little to lessen the gap between rich and poor. The richest quintile still was left with 43.9 percent of all the income after income taxes in 2002 or 43.7 percent in 2003, while the poorest quintile had only 4.9 percent of the income after income taxes in 2002 or five percent in 2003.

The richest quintile has steadily gained a larger of share of income over the past two decades. This was most noticeable for market income. In 1980, the richest quintile held 44.2 percent of market income. By 2003, that share had increased to 51 percent. Those gains came at the expense of the second, third and fourth quintiles, which all saw decreases in their share of market income over that time. The poorest quintile had exactly the same share of market income, 2.2 percent, in 1980 as it did in 2003.

The richest quintile increased its share of total income and after-tax income as well, although the gains were smaller than for market income. The richest quintile's share of total income increased from 41.6 percent in 1980 to 46.5 percent in 2003. It also boosted its share of after-tax income from 40 percent to 43.7 percent. Like market income, these increases came at the expense of the middle quintiles. For both total income and after-tax income, the poorest quintile had exactly the same share in 1980 as it did in 2003.

Table 9.1 shows the distribution of income in dollars rather than percentages and sheds more light on the impact - and the limitations - of government transfer payments and income taxes. The quintiles are based on income after income taxes, and the income limits for each quintile appear in the left-hand column of the table.

One way to put the incomes into perspective is to compare them to Statistics Canada's low income cut-offs. In this particular instance, the after-tax cut-offs are a more appropriate benchmark than before-tax cut-offs.

In 2003, for example, the cut-off for an unattached person living in a large metropolitan area was \$16,542, the cut-off for a family of two was \$20,133, and the cut-off for a family of four was \$31,277. The vast majority of the people in the lowest quintile and most of the people in the second lowest quintile in 2003 were poor using these measures.

TABLE 9.1: COMPONENTS OF INCOME, 2002 AND 2003

Quintile		Average Market Income	Average Transfer Payments	Average Total Income	Average Income Taxes	Average Income After Tax
	Limits					
<b>2002</b>						
Poorest	\$0-\$19,400	\$5,200	\$7,300	\$12,500	\$500	\$12,000
Second	\$19,400-\$32,700	\$19,500	\$9,200	\$28,800	\$2,600	\$26,200
Third	\$32,700-\$48,000	\$38,300	\$7,700	\$46,000	\$6,100	\$39,900
Fourth	\$48,000-\$71,100	\$63,500	\$6,500	\$69,900	\$11,400	\$58,600
Richest	More than \$71,100	\$133,400	\$4,600	\$138,000	\$30,800	\$107,100
Richest to Poorest		26:1		11:1		9:1
<b>2003</b>						
Poorest	\$0-\$19,100	\$5,700	\$7,000	\$12,600	\$600	\$12,000
Second	\$19,100-\$32,700	\$19,500	\$9,100	\$28,700	\$2,600	\$26,000
Third	\$32,700-\$47,900	\$38,200	\$7,800	\$46,000	\$6,100	\$39,900
Fourth	\$47,900-\$70,700	\$63,300	\$6,400	\$69,700	\$11,400	\$58,300
Richest	More than \$70,700	\$131,800	\$4,500	\$136,300	\$30,500	\$105,800
Richest to Poorest		23:1		11:1		9:1

Use estimate in italics with caution (please refer to Appendix A for more information).

The poorest quintile had an average market income of \$5,200 in 2002 and \$5,700 in 2003. Average transfer payments were \$7,300 in 2002 and \$7,000 in 2003 for an average total income of \$12,500 in 2002 and \$12,600 in 2003. Many of the people in this quintile likely relied heavily on government income support programs such as welfare and the National Child Benefit in the case of younger adults and Old Age Security and the Guaranteed Income Supplement in the case of seniors. Because total incomes were so low and many government transfers are not taxable, the average income tax was only \$500 in 2002 and \$600 in 2003. That produced an average after-tax income of \$12,000 in 2002 and 2003.

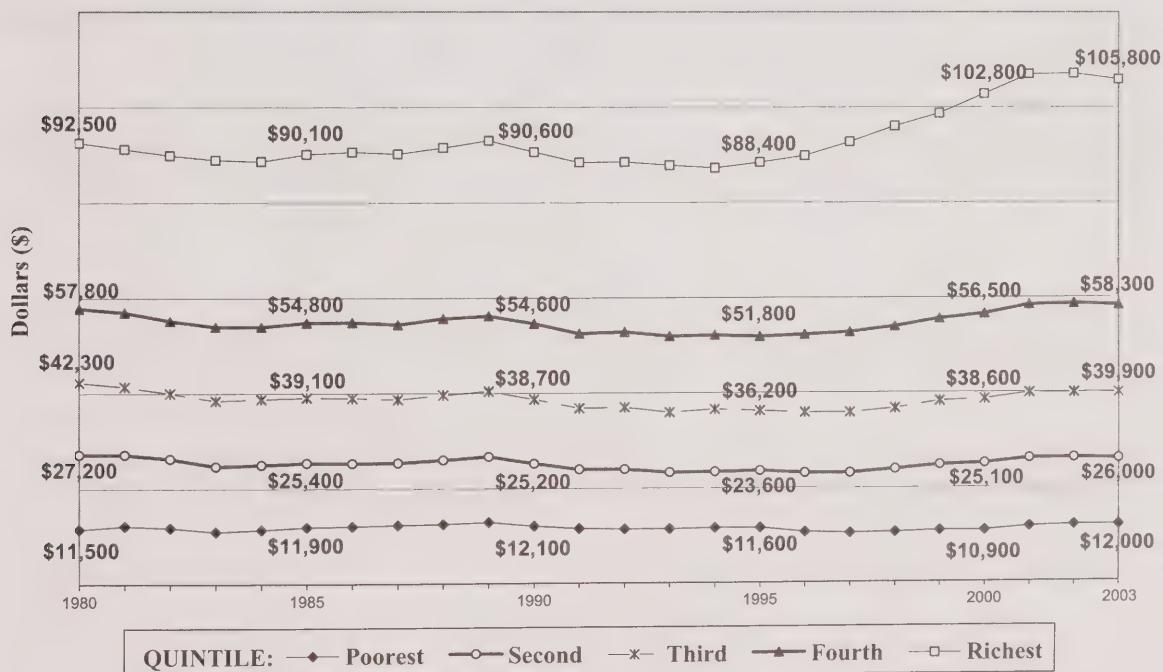
The richest quintile had an average market income of \$133,400 in 2002 and \$131,800 in 2003. Average transfer payments were \$4,600 in 2002 and \$4,500 in 2003 for an average total income of \$138,000 in 2002 and \$136,300 in 2003. The average transfer seems high at first glance, but it included sizeable payments from the Canada and Quebec Pension Plans in the case of seniors. For people at the low end of the richest quintile, it probably also included some money from Old Age Security and the National Child Benefit, but probably not the maximum amounts possible from either program. The richest quintile paid an average of

\$30,800 in federal and provincial income taxes in 2002 and \$30,500 in 2003. That reduced their average after-tax income to \$107,100 in 2002 and \$105,800 in 2003. Although the tax burden was by far the highest of any quintile, it worked out to about 22 percent of total income in both years - much lower than the combined upper-bracket rates as shown on federal and provincial income tax forms each year.

The bottom line of the table shows the ratio between the richest and poorest quintiles for the three different kinds of income. For market income, the ratio was approximately 26 to 1 in 2002 and 23 to 1 in 2003. For total income, the ratio dropped to 11 to 1 in both years. The ratio for income after income taxes dropped a bit more to 9 to 1 in 2002 and 2003. In other words, the family units in the richest quintile received \$9 in after-tax income for every \$1 received by the family units in the poorest quintile.

Over the years, the changes in any of these ratios or in any of the income shares shown earlier in the pies for market income, total income and income after taxes have been very small. Figure 9.2, for example, shows average incomes after income taxes by quintile for the years starting in 1980 and ending in 2003. All the incomes were converted to 2003 constant dollars to factor out the effects of inflation.

**Figure 9.2: Average Income After Income Taxes, by Quintile, in Constant 2003 Dollars, 1980-2003**



There were some small variations from year to year, but the changes within the four lower quintiles were quite modest. In general, incomes tended to slump because of the recession of 1981-1982 and the recession of 1990-1991 and tended to grow in years of good economic growth.

The one notable change in Figure 9.2 was the increase in average incomes in the richest quintile for the years beginning in 1996. The rate of increase slowed from 2001 onwards so it is not yet clear if this upward swing will become a long-term trend - in other words, whether the richest Canadians will find themselves noticeably richer in future years while the incomes of other Canadians stay relatively flat.

A closer look at the income statistics for 1980 and 2003 suggests that the market is doing a very poor job in providing incomes for the poor and a very good job in providing incomes for the rich. Some of the shortcomings of the market were made up by government transfer payments, but the rich have still gained the most over the years.

Table 9.2 gives the details by quintile for market income, total income and after-tax income for 1980 and 2003 and the changes from one year to the other. Both years were relatively strong years for the Canadian economy, and 2003 was the twelfth consecutive year of economic growth following the last recession. The figures in the table are in constant 2003 dollars to discount inflation between 1980 and 2003.

Whether the measure used was market income, total income or income after income taxes, the changes for the lowest three quintiles - representing 60 percent of all family units in Canada - were unimpressive at best. Most noticeably, the market income of family units in the second and third quintiles dropped by 17.4 percent and 14.3 percent, respectively.

Only the family units in the richest quintile did well by all three measures. Their average market income was up \$21,500 or 19.5 percent, their average total income was up \$22,800 or 20.1 percent, and their average income after income taxes was up \$13,300 or 14.4 percent.

TABLE 9.2: CHANGES IN AVERAGE INCOMES BY QUINTILE IN  
CONSTANT 2003 DOLLARS, 1980-2003

Quintile	1980	2003	Change in Dollars	Change in %
MARKET INCOME				
Poorest	\$5,600	\$5,700	\$100	1.8%
Second	\$23,600	\$19,500	-\$4,100	-17.4%
Third	\$44,600	\$38,200	-\$6,400	-14.3%
Fourth	\$65,200	\$63,300	-\$1,900	-2.9%
Richest	\$110,300	\$131,800	\$21,500	19.5%
TOTAL INCOME				
Poorest	\$11,800	\$12,600	\$800	6.8%
Second	\$29,900	\$28,700	-\$1,200	-4.0%
Third	\$49,000	\$46,000	-\$3,000	-6.1%
Fourth	\$68,700	\$69,700	\$1,000	1.5%
Richest	\$113,500	\$136,300	\$22,800	20.1%
INCOME AFTER INCOME TAXES				
Poorest	\$11,500	\$12,000	\$500	4.3%
Second	\$27,200	\$26,000	-\$1,200	-4.4%
Third	\$42,300	\$39,900	-\$2,400	-5.7%
Fourth	\$57,800	\$58,300	\$500	0.9%
Richest	\$92,500	\$105,800	\$13,300	14.4%

The period between 1980 and 2003 covered both good times and bad in terms of the economy, and it saw federal governments of different political stripes and governments from left of centre to significantly right of centre. At times along the way, there were significant changes in government programs and tax policy.

In the end, however, neither political nor economic nor social policy changes seemed to have any dramatic effects on income inequality. The statistics show no great strides forward over the past two decades for the poorest of Canadians and no dramatic changes in the overall distribution of income.



## CONCLUSION

The downward trend in poverty rates since the highs of the mid-90s reversed course somewhat in 2002. Rates then recovered enough so that by 2003 they were still close to the 10-year lows experienced in 2001. So is poverty no longer a problem in Canada? Not by any means. Poverty rates for children and working age adults have gone up and down, fluctuating significantly since 1980 when the National Council of Welfare started its regular, detailed tracking of trends. Many Canadians were still at greater risk of poverty in 2003 than they were almost a quarter of a century earlier.

Although poverty rates for seniors have come down sharply since 1980, the situation for other Canadians is characterized by insecurity and uncertainty for the future. About 16 percent of Canadians, or 4.9 million people, lived in poverty in 2003. Women continued to have higher poverty rates than men, despite their paid and unpaid contributions to Canada's economic growth. Single-parent mothers had a poverty rate of 49 percent, many times higher than lone-parent fathers or other mothers. Half a million working-age single people struggled on incomes of less than half the poverty line. More than 1.2 million children - one child out of every six - lived in poverty. People forced to live on social assistance continued to have incomes thousands of dollars below the poverty line. Income inequality between the richest and the poorest grew.

This is not a good record for a country that has achieved much when it has shown determination to act and that incorrectly prides itself on its economic and social standing in the world. In June of 2006, the United Nations Committee on Economic, Social and Cultural Rights again criticized Canadian governments for their negligence in not living up to the human rights obligations they have made to Canadian citizens. Members of the Committee were disturbed by the lack of investment in social programs and by continuing high poverty rates in such a rich country, "... especially among disadvantaged and marginalized individuals and groups such as Aboriginal peoples, African-Canadians, immigrants, persons with disabilities, youth, low-income women and single mothers."<sup>1</sup>

The National Council of Welfare is as concerned as the United Nations Committee that most Canadian governments appear complacent at best towards the crippling reality of poverty. There is ample evidence that poverty not only results in human misery, but that it does not make good economic sense. At the individual level, those who live in poverty are more likely to experience poor health and well-being. At the community level, poverty brings economic, social, political and cultural exclusion and disintegration. At a country level, poverty creates decreased productive capacity that in turn limits Canada's economic performance.

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<sup>1</sup> United Nations, Economic and Social Council, *Consideration of Reports Submitted by States Parties Under Articles 16 and 17 of the Covenant – Concluding Observations of the Committee on Economic, Social and Cultural Rights (Advance Unedited Version)*, 2006, E/C.12/CAN/CO/5, page 3.

Canada's record on poverty results from two very different public policy approaches. The sharp decline in poverty among seniors reflects the ongoing unfolding of an inspired, long-term plan and concerted action across governments. Canada's public pension system is not perfect, and we should continue to make it better, but it has demonstrated results and it is an accomplishment of which we should be rightly proud. We should also learn from it. In contrast, public policies to address the income needs of children and working age adults seem more like a complex, tangled web that varies across the country with programs based on different, even contradictory visions – part safety net with large holes in it, part trap. The slow and uneven progress in reducing poverty rates for non-seniors is the result.

Since the National Council of Welfare first met in 1965, it has not seen a coordinated, comprehensive, long-term plan to address poverty among Canadians of all ages. In fact, much has unraveled in the wake of changing federal-provincial/territorial funding arrangements for social services. The market is clearly not going to solve the poverty problem on its own, when full-time, full-year employment is not always enough to get an individual over the poverty line, as this report shows, and when precarious employment with few or no benefits is on the rise.

The traditional array of income security programs and supports has not proven to have had a lasting effect either, with the ups and downs of poverty rates appearing to reflect the state of the economy rather than social protection measures, in contrast to the case with seniors and the pension system that cushions them against economic shocks. For many workers who pay into Employment Insurance, it offers little protection against poverty if they already had low earnings or they could not qualify. Child benefits are important to families, but not enough. *Poverty Profile* shows that even with child benefits, it often takes both parents' earnings to climb above the poverty line, an option that lone-parents do not have. Tax credits are usually of little value to Canadians with the lowest incomes. Social assistance benefits bear no relationship to the actual cost of even subsistence living and therefore are ill-suited to support recipients' efforts to improve their situation.

The National Council of Welfare believes it is time for a long-term, comprehensive plan that addresses the structural causes of poverty and inequality in Canada, explores solutions beyond the traditional, and includes a process that involves Canadians living in poverty. Such a plan would not only have clear goals for preventing and reducing the risk of poverty, and for improving the lives of those in deep and persistent poverty, but it would also address the policies and structures which widen the gap between the rich and the poor. As with any effective plan, it would have indicators and targets so that progress could be monitored, policy results could be evaluated and governments could demonstrate accountability to Canadians. Certainly, not everything can be done at once, but if there is no long-term vision, no plan, no one identified to lead or carry out the plan, no resources assigned and no accepted measure of results, we will be mired in the consequences of poverty for generations to come.

It is not an impossible task. We can build on the experience of other countries as well as our own. Developing countries with more severe problems and challenges than Canada have established poverty reduction plans and targets, and the Government of Canada is supporting

many of these efforts. In Europe, Nordic countries have combined an extensive social insurance system with labour market policies to produce some of the lowest levels of socio-economic inequality and poverty in the industrialized world. In 1995, the Government of Ireland developed a 10 year National Poverty Strategy which has had positive results. Over the past six years the United Kingdom has put in place a plan to halve child poverty by 2010 on the way to eradication in 2020. Within the European Union, work is underway on measures of child poverty and social exclusion to track progress and to inform policy and budgetary decisions.

In Canada, two provinces are leading the way within their jurisdictions. Quebec not only has *The Government Action Plan to Combat Poverty and Social Exclusion* introduced in 2004, it is part of a requirement established in legislation which was passed in 2002. In 2005, Newfoundland and Labrador committed to implement a comprehensive poverty reduction strategy. In addition, many organizations across the country have made suggestions and recommendations that will aid the process of exploring more innovative solutions suited to Canada's needs and interests.

The National Council of Welfare is convinced that Canada needs a national anti-poverty plan. The federal government has both a responsibility and opportunity to show leadership in ensuring that all Canadians, no matter where they live, can exercise their rights, including the right to an adequate standard of living.



## APPENDIX A. METHODOLOGY AND DEFINITIONS

The poverty statistics in this report were compiled by Statistics Canada from data collected during the agency's annual household surveys on the incomes of Canadians. Some of the data was obtained through custom data tabulations ordered and paid for by the National Council of Welfare. Some of the data, particularly the historical data, can also be found in the electronic and CD-ROM versions of Statistics Canada's *Income Trends in Canada 1980-2003* (Catalogue no. 13F0022XCB).

We are grateful for the assistance provided by officials of the Income Statistics Division of Statistics Canada. The analysis and interpretation of the data, however, is the responsibility of the National Council of Welfare.

The early statistics in this report for 1980 to 1995 came from the former Survey of Consumer Finances (SCF). The statistics for 1996 to 2003 are from the Survey of Labour and Income Dynamics (SLID). SLID, like SCF, yields data on income every year, but it has the added advantage of following the same group of people for six years to see how their circumstances change over time.

The SLID survey for 2003 was conducted in January and May of 2004 and sampled roughly 60,000 adults from 30,000 private households in Canada excluding the Yukon, the Northwest Territories and Nunavut, persons living on Indian reserves, persons living in military barracks and residents of institutions such as prisons, mental hospitals, and homes for the elderly. The survey looked at incomes for the 2003 calendar year.

For the release of the data for 2003, Statistics Canada carried out a historical weight revision for 1990 to 2002. The weighted data now take into account not only new population projections based on the 2001 Census of the Population, but also information on the overall distribution of wages and salaries in Canada. The trends shown by the data remain consistent, but the actual level of the estimates changed in many situations.

The 2003 data also incorporates revised low income cut-offs (LICOs) resulting from a historical re-weighting of the 1992 Family Expenditure Survey upon which the 1992-base LICOs are calculated.

As noted in the introduction, these two changes mean that many of the figures in this report differ slightly from figures published in previous editions of *Poverty Profile*. In particular, the revisions to SLID meant that the low income estimates generally increased as the number of people with no earnings or very low earnings increased with the new revisions. However, as mentioned, the overall patterns and trends have not changed significantly.

All dollar figures presented in *Poverty Profile, 2002 and 2003* have been converted to 2003 constant dollars. This factors out the effects of inflation and allows meaningful comparisons of data over time.

In some tables and charts, the components may add up to a thousand more or a thousand less than the displayed total. This is because Statistics Canada derives all its estimates from

unrounded components and then rounds them to the nearest thousand. The totals are not calculated by adding up the rounded components.

Quality indicators are available from Statistics Canada for the 2003 estimates. Where applicable in *Poverty Profile*, a notation indicates if an estimate should be used with caution. These estimates have coefficients of variation greater than or equal to 16%.

Poverty in this report is measured by comparing the incomes of families or unattached individuals with Statistics Canada's low income cut-offs. Users of poverty statistics often refer to the cut-offs as the before-tax LICOs, because they measure gross income or income after government transfer payments, but before any deductions for income taxes or other kinds of taxes.

Statistics Canada also produces low income cut-offs that measure incomes after the payment of federal and provincial income taxes, but not other kinds of taxes. These are often called the after-tax LICOs.

The before-tax LICOs represent levels of gross income where people spend disproportionately large amounts for food, shelter and clothing. Statistics Canada has decided over the years - somewhat arbitrarily - that 20 percentage points is a reasonable measure of the additional burden. The average Canadian family spent 35 percent of gross income on food, shelter and clothing according to 1992 data on spending patterns, so it was assumed that low-income Canadians were those who spent 55 percent or more on the necessities of life.

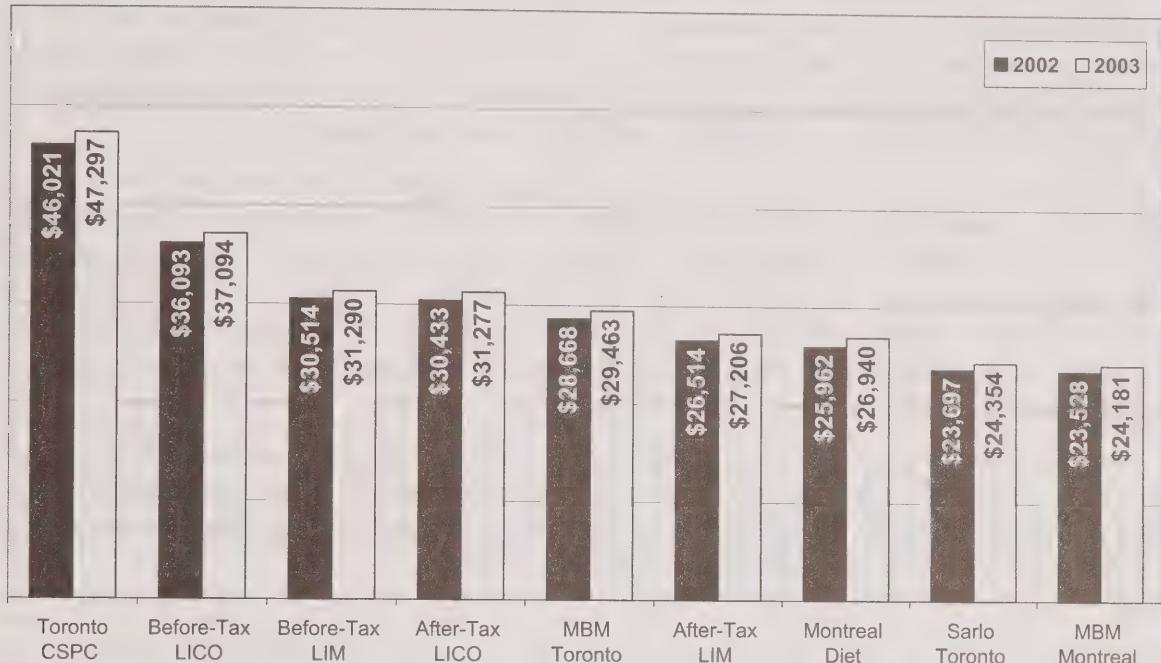
The low income cut-offs vary by the size of the family unit and the population of the area of residence. There are seven categories of family size, from one person to seven or more persons, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index. The LICOs for 2002, 2003 and 2004 are shown in Appendix B.

The National Council of Welfare and many other social policy and anti-poverty groups regard the LICOs as poverty lines and use the terms poverty rates and low-income rates interchangeably. Statistics Canada takes pains to explain that the cut-offs have no official status, and it does not promote their use as poverty lines.

Regardless of the terminology, the cut-offs are a useful tool for defining and analyzing the significantly large portion of the population with low incomes. They are not the only measures of poverty used in Canada, but they are widely accepted and widely available. In the absence of any broad consensus to the contrary, they will no doubt be used for many years to come.

Figure A.1 shows nine different measures of poverty: the before-tax and after-tax versions of the low-income cut-offs of Statistics Canada and seven other lines sometimes seen in other published reports on poverty.

**Figure A.1: Poverty Lines for a Family of Four  
in a Large City, 2002-2003**



The first bar in Figure A.1, Toronto CSPC, refers to the budget guides of the Community Social Planning Council of Toronto. The budget guides are based on items that are considered essential to physical survival as well as what is required for social inclusion. The most recent calculation was updated to 2003 by the National Council of Welfare using the Consumer Price Index.

The second and fourth bars represent two different versions of the low income cut-offs of Statistics Canada. Both LICOs vary with family size and population of area of residence. The before-tax LICO is based on total income including government transfers, but before the deduction of federal and provincial income taxes. The after-tax LICO is based on after-tax income, that is, total income including government transfers less federal and provincial or territorial income taxes. As noted previously, the after-tax LICO is not adjusted for other taxes that affect disposable income such as payroll taxes, sales taxes or property taxes.

The third and sixth bars, before-tax LIM and after-tax LIM refer to the low income measures of Statistics Canada, measures which are based on one-half of median family income either before or after income taxes. A percentage of median family income adjusted for family size is the approach most often used in international comparisons of poverty. The European Union countries use a LIM set at 60 percent of median income. LIMs vary with

family size and composition, but they are the same in all parts of the country, from rural areas to big cities.

MBM Toronto and MBM Montreal stand for the market basket measures developed by Human Resources Development Canada for the federal and provincial governments. At the time of publication, only the MBMs for the year 2000 had been released. The National Council of Welfare updated the 2000 MBM figures for a family of two adults and two children in Toronto and Montreal to 2003 using the Consumer Price Index.

MBMs are based on the cost of buying a basket of goods and services in the local marketplace. However, the MBM methodology also involves a number of adjustments to family income, including deductions for child care costs, child support payments, payroll taxes and contributions, certain out-of-pocket expenses for health care and the cost of prescribed aids for persons with disabilities. The end result is income that approximates disposable income, rather than the simple definitions of total income or income after income taxes that are used in many other poverty measures.

Montreal Diet refers to the income needed for a minimum adequate standard of living for a one-earner couple with a 15-year-old son and an eight-year-old daughter in Montreal as calculated by the Montreal Diet Dispensary. The group also has basic needs guidelines strictly intended for short-term assistance that are somewhat lower.

Sarlo Toronto is the poverty line for Toronto calculated by Christopher A. Sarlo and updated to 2003 by the National Council of Welfare using the Consumer Price index. This poverty line is based on Professor Sarlo's estimates of the costs of items required to maintain long-term physical well-being. He has also estimated "social comfort lines" that are twice as high as his poverty lines.

While the Council uses before-tax LICOs in this report, it also includes both the before-tax and after-tax versions of the LICOs for 2002, 2003, 2004 and 2005 in Appendix B, and offers a selection of after-tax poverty statistics in Appendix C.

Additional information on after-tax poverty statistics is available from Statistics Canada in its publication *Income in Canada 2003* (Catalogue no. 75-202). Both before-tax and after-tax statistics can be found in *Income Trends in Canada, 1980-2003* (Catalogue no. 13F0022XIE).

APPENDIX B. LOW INCOME CUT-OFFS FOR 2002, 2003, 2004 AND 2005<sup>1</sup>TABLE B.1: STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2002

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$13,371	\$15,212	\$16,624	\$16,728	\$19,423
2 Persons	\$16,646	\$18,936	\$20,695	\$20,824	\$24,181
3 Persons	\$20,463	\$23,280	\$25,442	\$25,600	\$29,727
4 Persons	\$24,846	\$28,266	\$30,891	\$31,083	\$36,093
5 Persons	\$28,179	\$32,059	\$35,036	\$35,253	\$40,936
6 Persons	\$31,783	\$36,157	\$39,515	\$39,760	\$46,168
7 or More Persons	\$35,385	\$40,255	\$43,994	\$44,267	\$51,402

TABLE B.2: STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2003

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$13,742	\$15,634	\$17,085	\$17,192	\$19,962
2 Persons	\$17,107	\$19,462	\$21,269	\$21,401	\$24,851
3 Persons	\$21,031	\$23,926	\$26,148	\$26,310	\$30,552
4 Persons	\$25,535	\$29,050	\$31,748	\$31,945	\$37,094
5 Persons	\$28,961	\$32,948	\$36,008	\$36,230	\$42,071
6 Persons	\$32,664	\$37,160	\$40,611	\$40,863	\$47,449
7 or More Persons	\$36,366	\$41,372	\$45,214	\$45,494	\$52,827

<sup>1</sup> Statistics Canada. *Low Income Cut-offs for 2005 and Low Income Measures for 2004*. Catalogue No. 75F0002MIE – No. 004, April 2006.

TABLE B.3: STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2004

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$14,000	\$15,928	\$17,407	\$17,515	\$20,337
2 Persons	\$17,429	\$19,828	\$21,669	\$21,804	\$25,319
3 Persons	\$21,426	\$24,375	\$26,639	\$26,805	\$31,126
4 Persons	\$26,015	\$29,596	\$32,345	\$32,546	\$37,791
5 Persons	\$29,505	\$33,567	\$36,685	\$36,912	\$42,862
6 Persons	\$33,278	\$37,858	\$41,375	\$41,631	\$48,341
7 or More Persons	\$37,050	\$42,150	\$46,065	\$46,350	\$53,821

TABLE B.4: STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2005

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$14,303	\$16,273	\$17,784	\$17,895	\$20,778
2 Persons	\$17,807	\$20,257	\$22,139	\$22,276	\$25,867
3 Persons	\$21,891	\$24,904	\$27,217	\$27,386	\$31,801
4 Persons	\$26,579	\$30,238	\$33,046	\$33,251	\$38,610
5 Persons	\$30,145	\$34,295	\$37,480	\$37,711	\$43,791
6 Persons	\$33,999	\$38,679	\$42,271	\$42,533	\$49,389
7 or More Persons	\$37,853	\$43,063	\$47,063	\$47,354	\$54,987

TABLE B.5: STATISTICS CANADA'S AFTER-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2002

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$10,529	\$12,050	\$13,442	\$13,612	\$16,096
2 Persons	\$12,815	\$14,667	\$16,361	\$16,567	\$19,590
3 Persons	\$15,958	\$18,262	\$20,373	\$20,630	\$24,394
4 Persons	\$19,908	\$22,784	\$25,417	\$25,737	\$30,433
5 Persons	\$22,670	\$25,944	\$28,943	\$29,307	\$34,654
6 Persons	\$25,141	\$28,773	\$32,099	\$32,502	\$38,432
7 or More Persons	\$27,613	\$31,602	\$35,254	\$35,698	\$42,210

TABLE B.6: STATISTICS CANADA'S AFTER-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2003

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$10,821	\$12,384	\$13,815	\$13,990	\$16,542
2 Persons	\$13,170	\$15,073	\$16,815	\$17,027	\$20,133
3 Persons	\$16,400	\$18,768	\$20,938	\$21,202	\$25,070
4 Persons	\$20,460	\$23,416	\$26,122	\$26,451	\$31,277
5 Persons	\$23,298	\$26,664	\$29,746	\$30,120	\$35,615
6 Persons	\$25,838	\$29,571	\$32,989	\$33,404	\$39,498
7 or More Persons	\$28,378	\$32,478	\$36,231	\$36,688	\$43,381

TABLE B.7: STATISTICS CANADA'S AFTER-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2004

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$11,025	\$12,617	\$14,075	\$14,253	\$16,853
2 Persons	\$13,418	\$15,357	\$17,131	\$17,347	\$20,512
3 Persons	\$16,709	\$19,121	\$21,332	\$21,601	\$25,542
4 Persons	\$20,844	\$23,856	\$26,613	\$26,948	\$31,865
5 Persons	\$23,736	\$27,165	\$30,305	\$30,686	\$36,285
6 Persons	\$26,324	\$30,127	\$33,610	\$34,032	\$40,241
7 or More Persons	\$28,912	\$33,089	\$36,913	\$37,378	\$44,197

TABLE B.8: STATISTICS CANADA'S AFTER-TAX LOW INCOME CUTOFFS  
(1992 BASE) FOR 2005

Size of Family Unit	Community Size				
	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and Over
1 Person	\$11,264	\$12,890	\$14,380	\$14,562	\$17,219
2 Persons	\$13,709	\$15,690	\$17,502	\$17,723	\$20,956
3 Persons	\$17,071	\$19,535	\$21,794	\$22,069	\$26,095
4 Persons	\$21,296	\$24,373	\$27,190	\$27,532	\$32,556
5 Persons	\$24,251	\$27,754	\$30,962	\$31,351	\$37,071
6 Persons	\$26,895	\$30,780	\$34,338	\$34,769	\$41,113
7 or More Persons	\$29,539	\$33,806	\$37,713	\$38,187	\$45,155

APPENDIX C. SELECTED POVERTY STATISTICS USING STATISTICS CANADA'S AFTER-TAX LICOS

TABLE C.1: ALL PERSONS, 1980-2003  
USING AFTER-TAX LICOS

	Poverty Rate	Number of Poor Persons	
1980	11.6%	2,807,000	
1981	11.6%	2,823,000	
1982	12.4%	3,046,000	
1983	14.0%	3,478,000	
1984	13.7%	3,451,000	
1985	13.0%	3,290,000	
1986	12.1%	3,098,000	
1987	11.9%	3,074,000	
1988	10.8%	2,846,000	
1989	10.2%	2,704,000	
1990	11.8%	3,191,000	
1991	13.2%	3,601,000	
1992	13.3%	3,677,000	
1993	14.3%	4,004,000	
1994	13.7%	3,898,000	
1995	14.6%	4,185,000	
1996	15.7%	4,556,000	
1997	15.3%	4,474,000	
1998	13.7%	4,024,000	
1999	13.0%	3,851,000	
2000	12.5%	3,741,000	
2001	11.2%	3,394,000	
2002	11.6%	3,536,000	
2003	11.5%	3,552,000	

TABLE C.2: CHILDREN UNDER 18,  
1980-2003, USING AFTER-TAX LICOS

	Poverty Rate	Number of Poor Persons	
1980	12.0%	818,000	
1981	12.4%	830,000	
1982	14.1%	930,000	
1983	15.6%	1,023,000	
1984	16.0%	1,041,000	
1985	15.6%	1,013,000	
1986	13.7%	893,000	
1987	13.6%	889,000	
1988	12.1%	796,000	
1989	11.7%	773,000	
1990	13.8%	925,000	
1991	15.0%	1,014,000	
1992	14.9%	1,025,000	
1993	16.7%	1,157,000	
1994	15.8%	1,102,000	
1995	17.6%	1,228,000	
1996	18.6%	1,304,000	
1997	17.8%	1,242,000	
1998	15.5%	1,080,000	
1999	14.4%	1,001,000	
2000	13.8%	955,000	
2001	12.1%	835,000	
2002	12.2%	839,000	
2003	12.4%	843,000	

TABLE C.3: PEOPLE 65 AND OLDER,  
1980-2003, USING AFTER-TAX LICOS

	Poverty Rate	Number of Poor Persons	
1980	21.3%	462,000	
1981	21.0%	468,000	
1982	17.7%	403,000	
1983	19.3%	451,000	
1984	16.2%	390,000	
1985	14.7%	364,000	
1986	13.5%	348,000	
1987	12.6%	336,000	
1988	13.0%	356,000	
1989	11.3%	320,000	
1990	10.8%	316,000	
1991	11.1%	335,000	
1992	9.8%	304,000	
1993	11.5%	362,000	
1994	8.6%	276,000	
1995	8.6%	282,000	
1996	9.8%	330,000	
1997	9.1%	312,000	
1998	8.6%	299,000	
1999	7.8%	277,000	
2000	7.6%	275,000	
2001	6.7%	246,000	
2002	7.6%	284,000	
2003	6.8%	258,000	

## Poverty Rates

TABLE C.4: POVERTY RATES BY FAMILY TYPE, 1980-2003, USING AFTER-TAX LICOS

	Couples 65+	Couples <65 without Children	Two-Parent Families <65 with Children	Single-Parent Fathers <65	Single-Parent Mothers <65	Unattached Men 65+	Unattached Women 65+	Unattached Men <65	Unattached Women <65
1980	5.9%	4.6%	6.9%	21.5%	47.7%	47.0%	57.1%	24.5%	37.3%
1981	8.1%	5.0%	7.2%	11.6%	46.0%	39.0%	53.5%	24.8%	35.5%
1982	4.0%	5.7%	8.2%	18.9%	49.1%	32.3%	50.8%	28.5%	32.1%
1983	5.7%	6.7%	9.2%	24.4%	52.1%	40.0%	51.2%	32.2%	38.1%
1984	4.7%	7.0%	9.2%	21.3%	53.0%	32.6%	43.4%	30.4%	37.5%
1985	4.4%	5.9%	8.8%	21.2%	53.5%	28.7%	42.1%	30.2%	37.4%
1986	4.5%	5.9%	8.2%	17.5%	49.0%	26.2%	37.2%	30.4%	36.7%
1987	3.9%	6.3%	7.7%	12.9%	49.5%	23.0%	35.2%	31.1%	35.4%
1988	3.9%	5.1%	6.3%	17.5%	46.5%	18.7%	35.6%	27.9%	37.3%
1989	3.1%	5.1%	6.3%	11.7%	42.5%	18.8%	31.9%	24.9%	34.1%
1990	2.4%	6.9%	7.2%	18.1%	48.6%	20.6%	30.5%	29.4%	36.8%
1991	2.9%	7.9%	8.3%	21.3%	50.0%	23.8%	30.8%	34.8%	41.5%
1992	1.7%	6.6%	7.8%	13.1%	46.6%	16.9%	28.8%	36.0%	41.9%
1993	2.8%	8.0%	9.5%	20.1%	46.8%	21.3%	30.4%	36.3%	41.3%
1994	1.4%	7.8%	9.2%	28.2%	46.7%	13.1%	25.3%	35.7%	45.7%
1995	1.5%	8.1%	10.7%	22.9%	48.5%	12.1%	26.7%	37.5%	42.5%
1996	2.0%	8.4%	10.8%	24.8%	52.7%	19.8%	27.3%	38.4%	46.9%
1997	2.0%	7.6%	10.3%	21.4%	49.3%	17.2%	23.7%	39.8%	49.5%
1998	1.7%	6.7%	8.5%	16.8%	42.9%	17.5%	22.0%	36.5%	45.8%
1999	1.2%	8.0%	8.1%	18.1%	39.4%	17.2%	22.3%	35.4%	43.4%
2000	1.2%	6.9%	8.3%	12.3%	36.3%	17.6%	21.6%	32.1%	44.3%
2001	1.6%	6.4%	6.9%	12.3%	33.8%	16.8%	18.6%	30.3%	42.1%
2002	1.9%	7.1%	6.5%	12.2%	39.4%	15.9%	20.7%	29.0%	39.0%
2003	1.7%	6.5%	6.6%	12.6%	38.4%	14.7%	18.9%	30.7%	37.5%

Use estimates in italics with caution (please refer to Appendix A for more information).

# Number of Poor

TABLE C.5: NUMBER OF POOR BY FAMILY TYPE, 1980-2003, USING AFTER-TAX LICOS

	Couples 65+	Couples <65 without Children	Two-Parent Families <65 with Children	Single-Parent Fathers <65	Single-Parent Mothers <65	Single-Parent Mothers 65+	Unattached Men 65+	Unattached Women 65+	Unattached Men <65	Unattached Women <65
1980	32,000	61,000	216,000	--	168,000	88,000	285,000	228,000	302,000	302,000
1981	44,000	67,000	223,000	7,000	158,000	74,000	283,000	239,000	297,000	297,000
1982	23,000	77,000	253,000	12,000	184,000	57,000	266,000	295,000	278,000	278,000
1983	34,000	92,000	284,000	--	198,000	72,000	291,000	352,000	319,000	319,000
1984	28,000	96,000	279,000	12,000	215,000	57,000	242,000	340,000	339,000	339,000
1985	27,000	85,000	268,000	11,000	211,000	51,000	245,000	353,000	339,000	339,000
1986	30,000	86,000	252,000	12,000	185,000	48,000	223,000	363,000	347,000	347,000
1987	26,000	95,000	234,000	7,000	196,000	45,000	223,000	380,000	344,000	344,000
1988	28,000	78,000	196,000	11,000	192,000	38,000	240,000	351,000	374,000	374,000
1989	22,000	82,000	195,000	7,000	182,000	41,000	218,000	325,000	357,000	357,000
1990	19,000	111,000	222,000	14,000	229,000	47,000	221,000	407,000	381,000	381,000
1991	23,000	127,000	254,000	15,000	244,000	55,000	223,000	490,000	454,000	454,000
1992	13,000	107,000	241,000	10,000	269,000	40,000	208,000	536,000	448,000	448,000
1993	22,000	130,000	291,000	19,000	278,000	56,000	231,000	545,000	434,000	434,000
1994	12,000	131,000	285,000	24,000	248,000	33,000	193,000	544,000	503,000	503,000
1995	13,000	136,000	336,000	19,000	263,000	32,000	208,000	570,000	488,000	488,000
1996	17,000	147,000	337,000	22,000	303,000	52,000	213,000	624,000	522,000	522,000
1997	17,000	132,000	320,000	20,000	285,000	47,000	184,000	657,000	575,000	575,000
1998	15,000	119,000	259,000	18,000	253,000	48,000	171,000	611,000	549,000	549,000
1999	--	145,000	249,000	19,000	227,000	47,000	177,000	610,000	528,000	528,000
2000	11,000	129,000	255,000	14,000	205,000	51,000	172,000	554,000	568,000	568,000
2001	15,000	124,000	210,000	14,000	186,000	50,000	147,000	543,000	549,000	549,000
2002	18,000	144,000	199,000	16,000	216,000	50,000	172,000	527,000	513,000	513,000
2003	17,000	133,000	201,000	15,000	208,000	47,000	154,000	575,000	512,000	512,000

-- Sample size too small. / Use estimates in italics with caution (please refer to Appendix A for more information).

# Depth of Poverty

TABLE C.6: DEPTH OF POVERTY IN 2003 CONSTANT DOLLARS, 1980-2003, USING AFTER-TAX LICOS

	Couples 65+	Couples <65 without Children	Two-Parent Families <65 with Children	Single-Parent Fathers <65	Single-Parent Mothers <65	Unattached Men 65+	Unattached Women 65+	Unattached Men <65	Unattached Women <65
1980	\$4,200	\$6,000	\$8,200	--	\$7,400	\$8,400	\$3,600	\$3,300	\$7,100
1981	\$3,400	\$6,200	\$8,400	\$7,400	\$6,900	\$7,900	\$3,100	\$3,600	\$6,300
1982	\$3,300	\$5,900	\$7,900	\$8,100	--	\$8,100	\$3,200	\$3,200	\$6,600
1983	\$4,400	\$6,700	\$8,100	\$7,700	\$9,100	\$7,800	\$3,600	\$3,200	\$7,000
1984	\$3,900	\$5,900	\$8,700	\$7,400	\$7,400	\$8,100	\$3,000	\$3,300	\$6,400
1985	\$3,800	\$6,300	\$7,400	\$7,700	\$6,600	\$7,400	\$2,700	\$3,200	\$6,400
1986	\$3,600	\$5,800	\$7,700	\$5,600	\$8,100	\$5,600	\$2,800	\$2,900	\$6,100
1987	\$4,300	\$5,600	\$8,100	\$7,200	\$7,200	\$6,900	\$3,000	\$2,800	\$6,500
1988	\$3,900	\$6,000	\$7,200	\$5,400	\$5,400	\$6,500	\$3,700	\$2,700	\$6,500
1989	\$3,600	\$5,700	\$7,700	\$6,400	\$8,700	\$6,600	\$2,400	\$2,600	\$6,000
1990	\$3,700	\$6,400	\$8,700	\$7,100	\$7,800	\$7,200	\$3,100	\$2,600	\$6,100
1991	\$3,600	\$6,200	\$8,000	\$5,900	\$8,500	\$6,900	\$2,100	\$2,400	\$6,200
1992	\$4,100	\$5,900	\$8,500	\$11,000	\$11,000	\$6,900	\$2,100	\$2,400	\$5,800
1993	\$4,700	\$6,300	\$7,800	\$6,800	\$6,800	\$6,800	\$3,600	\$2,400	\$6,200
1994	\$5,700	\$5,500	\$8,500	\$6,000	\$5,300	\$5,300	\$6,900	\$2,200	\$6,100
1995	\$3,500	\$5,800	\$8,500	\$6,300	\$6,300	\$6,700	\$2,900	\$2,100	\$6,400
1996	\$6,300	\$6,300	\$8,600	\$6,700	\$6,700	\$6,200	\$2,600	\$2,200	\$6,400
1997	\$6,300	\$6,200	\$8,300	\$7,000	\$7,000	\$6,800	\$2,800	\$2,100	\$6,800
1998	\$6,900	\$7,000	\$8,200	\$7,400	\$7,400	\$7,000	\$3,400	\$2,200	\$6,600
1999	--	\$7,700	\$8,200	\$9,500	\$6,200	\$6,200	\$2,600	\$2,400	\$6,800
2000	\$6,500	\$7,300	\$8,200	\$6,000	\$6,000	\$6,100	\$3,200	\$2,300	\$6,900
2001	\$5,400	\$6,400	\$8,700	\$6,500	\$6,100	\$3,500	\$2,400	\$6,600	\$6,500
2002	\$5,300	\$6,600	\$8,500	\$6,800	\$6,300	\$2,300	\$2,100	\$6,400	\$6,600
2003	\$6,400	\$6,800	\$8,000	\$7,300	\$7,300	\$6,300	\$2,600	\$2,300	\$6,600

-- Sample size too small. / Use estimates in italics with caution (please refer to Appendix A for more information).

# Persistence of Poverty

TABLE C.7: PERSISTENCE OF POVERTY BY AGE GROUP, 1996-2001, USING AFTER-TAX LICOS

	1 Year Poor	2 Years Poor	3 Years Poor	4 Years Poor	5 Years Poor	All 6 Years Poor	At least 1 Year Poor	No Poor Years	Total
NUMBER OF POOR PERSONS									
All Persons	2,128,000	1,321,000	835,000	602,000	540,000	836,000	6,262,000	18,392,000	24,654,000
Children <18	614,000	427,000	282,000	200,000	194,000	211,000	1,928,000	4,460,000	6,388,000
18-24	350,000	232,000	111,000	67,000	56,000	41,000	857,000	1,310,000	2,167,000
25-54	900,000	512,000	357,000	263,000	237,000	406,000	2,675,000	9,073,000	11,748,000
55-64	177,000	101,000	59,000	45,000	33,000	82,000	497,000	1,644,000	2,141,000
65 Years +	87,000	50,000	25,000	26,000	--	95,000	**	1,905,000	**
PERCENTAGE DISTRIBUTION									
All Persons	8.6%	5.4%	3.4%	2.4%	2.2%	3.4%	25.4%	74.6%	100.0%
Children <18	9.6%	6.7%	4.4%	3.1%	3.0%	3.3%	30.2%	69.8%	100.0%
18-24	16.1%	10.7%	5.1%	3.1%	2.6%	1.9%	39.6%	60.4%	100.0%
25-54	7.7%	4.4%	3.0%	2.2%	2.0%	3.5%	22.8%	77.2%	100.0%
55-64	8.3%	4.7%	2.8%	2.1%	1.6%	3.8%	23.2%	76.8%	100.0%
65 Years +	3.9%	2.3%	1.1%	1.2%	0.9%	4.3%	13.7%	86.3%	100.0%

-- Sample size too small.

\*\* Can't calculate due to missing value for "5 years poor".

Use estimates in italics with caution (please refer to Appendix A for more information).



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## NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources and Social Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

Pour vous procurer des exemplaires en français de toutes les publications du Conseil, écrivez au Conseil national du bien-être social, 9<sup>e</sup> étage, 112, rue Kent, Ottawa (Ontario) K1A 0J9. Vous pouvez les demander par courrier électronique <[ncw@magi.com](mailto:ncw@magi.com)> ou les consulter sur notre site web <[www.ncwcnbes.net/index\\_f.htm](http://www.ncwcnbes.net/index_f.htm)>.









